

# Amulree Report Project

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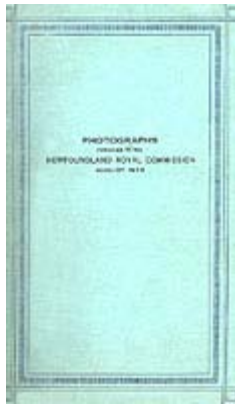
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In June 2002, Robert Hong, BA (Hons., MUN), MA (History, MUN), approached the Newfoundland and Labrador Heritage Web Site with an offer to provide us with a digitized version of the Amulree Commission Report. Earlier in the year he had entered the entire document into a word processor with the intention of making it available to the public in an electronic format. Once we were satisfied with the accuracy of the electronic version, we were delighted and thankful to accept Robert Hong's offer.

In most cases, what appears in the following pages is the text and layout as we received it. There is one notable exception. A series of 65 black and white photographs are incorporated into the web site version. These photographs were part of the final report, but were presented in their own album.



### **Photo Album Cover.**

Album cover of photographs furnished to the Newfoundland Royal Commission, August 1933.

Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (35 kb)

They have been embedded into appropriate locations on the web site to provide a visual representation, whenever possible, of places mentioned in the 1933 report. The images mainly depict the architecture and landscape of Newfoundland outport communities, several of which have since been resettled. There are a number of images of northern Labrador showing the rugged terrain along the coast.

None of the photographers are identified, but 36 of the images are known to have been taken by the noted Newfoundland photographer Robert Holloway (1850-1904) or by Holloway's studio. Most of these images likely date from the end of the 19th and beginning of the 20th century. The remainder were probably taken in the year 1933. They are aerial photographs, and according to the CNS Archives where the images are held, they are possibly the work of two different photographers.

The hot-linked headings in the side bar and in the Table of Contents will take the visitor to various sections on the web site.

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Updated for this PDF version, 2013.

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**NEWFOUNDLAND**  
**ROYAL COMMISSION**  
**1933**  
**REPORT**

*Presented by the Secretary of State for Dominion Affairs  
to Parliament by Command of His Majesty,  
November, 1933*

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# ROYAL WARRANT

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*Dated 17th February, 1933*

GEORGE R.I.

GEORGE the FIFTH, by the Grace of God of Great Britain, Ireland and the British Dominions beyond the Seas King, Defender of the Faith, Emperor of India: To Our Right Trusty and Well-beloved Counsellor William Warrender Mackenzie, Baron Amulree, Knight Grand Cross of Our Most Excellent Order of the British Empire, one of Our Counsel learned in the Law, Our Trusty and Well-beloved Charles Alexander Magrath, Esquire, Doctor of Laws, and Our Trusty and Well-beloved Sir William Ewen Stavert, Knight Commander of Our Most Excellent Order of the British Empire, Greeting.

WHEREAS on the advice of Our Ministers in Our United Kingdom of Great Britain and Northern Ireland, in Our Dominion of Canada and in Our Island of Newfoundland We have deemed it expedient that a Commission should issue forthwith to examine into the future of Newfoundland and in particular to report on the financial situation and prospects therein.

NOW know ye that We, reposing great trust and confidence in your knowledge and ability, have authorised and appointed and do by these presents authorise and appoint you the said William Warrender Mackenzie, Baron Amulree, Charles Alexander Magrath, and Sir William Ewen Stavert, to be Our Commissioners for the purposes of, and to make, such enquiry.

AND We do hereby authorise and require you with all convenient despatch and by all lawful means to enter upon, and to collect evidence respecting the subject matter of, such enquiry and to suggest such measures as may appear to you best calculated to meet the situation.

AND We do further require you to conform in all things to such instructions as shall be addressed to you by Us.

AND We do hereby charge and command all whom it may concern that according to their respective powers and opportunities they be aiding to you in the execution of this Our Commission.

AND, for the purpose of aiding you in your enquiries, We hereby appoint Peter Alexander Clutterbuck, Esquire, on whom We have conferred the Decoration of the Military Cross to be Secretary to this Our Commission.

Given at Our Court at Saint James's this Seventeenth day of February, One Thousand Nine Hundred and Thirty-three in the Twenty-third Year of Our Reign.

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NOTE.--The United Kingdom share of the cost of the Royal Commission is estimated at £2,000. The cost of printing and publishing this Report is estimated by the Stationary Office at £345.

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**NEWFOUNDLAND  
ROYAL COMMISSION, 1933**

=====

**TO THE KING'S MOST EXCELLENT MAJESTY.**

MAY IT PLEASE YOUR MAJESTY,

Your Majesty's Warrant, bearing date the seventeenth day of February, 1933, appointed us Commissioners with the following Terms of Reference:--

"To examine into the future of Newfoundland and, in particular, to report on the financial situation and prospects therein."

We now humbly beg leave to submit to Your Majesty the following Report.

**REPORT**

**CHAPTER I.--INTRODUCTORY.**

1. We, Your Majesty's Commissioners, assembled at St. John's, Newfoundland, on Monday, 13th March, 1933, and we were received by His Excellency the Governor, who honoured us by returning our call on the following day. Immediately on our arrival, we proceeded to make arrangements for the hearing of evidence.

2. Our Opening Sitting was held in public on Thursday, 16th March, when, after Your Majesty's Commission had been read, the Prime Minister, the Honourable F.C. Alderdice, welcomed the Commission on behalf of the Government and people of Newfoundland. In reply, the Chairman expressed our gratification at the warm-hearted manner in which we had been received and indicated the procedure which we proposed to adopt in our enquiry.

3. After full consideration, we decided to hold our sittings *in camera* in order that all those who wished to give evidence might speak their minds freely with the assurance that their confidence would be respected. We felt sure that in this way we would most quickly and certainly arrive at the facts and ascertain the true current of public feeling. The wisdom of this decision was fully confirmed as our hearings progressed.

4. On Monday, 20th March, we commenced our regular sittings for the purpose of hearing evidence. It was our practice to sit morning and afternoon for five days a week, and sometimes we heard evidence in the evenings as well. Our sittings continued until Friday, 14th April, when we broke off for an inspection of some of the outports (the coastal towns and villages outside St. John's) and the communities in the interior of the Island.

5. We accordingly left St. John's on the 17th April, and visited, during the ensuing fortnight, Harbour Grace, Carbonear, Heart's Content, Winterton,

Bonavista, Catalina, Trinity, Lewisporte, Stevenville, and St. George's, hearing evidence at all these places. We had wished to go further north, but the country was not then open. We collected evidence, however, from Twillingate, St. Anthony and other places in the northern part of the Island, and from Labrador.

**St. Anthony, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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6. On the 28th April, after visiting Channel, we embarked at Port-aux-Basques for Canada, reaching Ottawa via North Sydney and Montreal on the evening of the 30th April. At Ottawa we were received by His Excellency the Governor-General. We remained at Ottawa until the 22nd May. Every courtesy was extended to us by the Canadian Government and we had the advantage of meeting the Prime Minister, the Right Honourable R.B. Bennett, and his colleagues. We were able to gain much useful information on certain technical aspects of our Inquiry and derived great assistance from the material so freely placed before us by members of the Canadian Civil Service. We also heard evidence from witnesses who could more conveniently meet us at Ottawa than at St. John's.

7. We next proceeded to Montreal. Here we spent two days and heard further evidence; we also had a long interview with the General Managers of the Bank of Montreal. On the evening of the 24th May we left Montreal for Halifax, where we were received by the Lieutenant-Governor of Nova Scotia. We interviewed the Manager and Directors of the Bank of Nova Scotia and heard further evidence, mostly relating to the fishing industry. On the 27th May we left Halifax for Newfoundland and arrived back in St. John's on the 29th May.

8. On the 30th May, we resumed our sittings for the purpose of hearing evidence and these sittings continued until the end of June. We also heard evidence at Bay Bulls (where we inspected the Biological Station under the superintendence of Dr. Harold Thompson) and Bay Roberts. We also visited Salmonier, Placentia, Brigus, Holyrood and other places in the Island for the purposes of our Inquiry.

9. In all, we held about 100 formal sittings, and 260 witnesses, nearly half of whom came from outlying settlements, were heard and examined. In addition, we received a large number of letters and memoranda from all parts of the country.

10. We may thus claim to have fulfilled our purposes of establishing close contact with all sections of the community. In addition to hearing formal evidence, we took every opportunity by means of informal visits of familiarising ourselves with the activities of the people and the conditions in which they live and work. It was our special object at every place we visited to see and talk with fishermen and workpeople in their natural setting, as well as merchants, doctors, clergymen and others; every branch of the fishing industry was shown and explained to us, and the information which we thus acquired proved of the greatest value. Stores, factories, farms, saw mills, fishing vessels, establishments

for frozen fish, fish curing establishments, the stages of the fishermen, and the fish exporters' premises--all these we visited to the extent that time permitted. We made a detailed inspection of the two paper mills at Grand Falls and Corner Brook and the mine and workshops at Buchans. Everywhere we were received with the utmost cordiality, and we cannot acknowledge too highly the warmth of the welcome given to us by the people and the helpful manner in which they placed their views and suggestions before us.

11. We have also considered a report from one of our number containing information relative to the subject of our Inquiry collected by him during his inspection of the establishments of certain fish curing and kindred industries in the United Kingdom.

12. We adjourned our sittings at the beginning of July with a view to the sifting of the vast amount of evidence that had been presented to us and to the preparation of a draft Report. We reassembled in St. John's on the 14th September. The unanimous Report which we now humbly beg leave to submit to Your Majesty is thus the result of an extended study of the situation in Newfoundland, and it is our hope that the recommendations which it contains may commend themselves to the joint and favourable consideration of those of Your Majesty's Governments on whose immediate collaboration depends, in our view, the future welfare of Your Majesty's subjects in the Island.

*Image description updated May, 2004.*

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## CHAPTER II.--DESCRIPTIVE.

### Area and Population.

13. Situated in the Gulf of St. Lawrence, at the very gateway of Canada, and in the same latitude as Northern France, Newfoundland is the tenth largest island in the world. From north to south it is 316 miles in length; its extreme width from east to west is 317 miles. The area of the Island is 42,000 square miles; it is thus rather larger than Ireland and rather smaller than England. Its coastline, which is deeply indented and studded with bays and inlets, is computed at 6,000 miles.

14. The Island is not mountainous but consists of rolling lands and ranges of low hills. There are numerous lakes and rivers which together comprise about one-eighth of the area of the country. The principal bodies of water are Grand Lake, with an area of 200 square miles, and Red Indian Lake, with an area of 67 square miles. The Humber River, which empties into Bay of Islands, on the West Coast, is 80 miles in length; the other main rivers flow to the eastern bays. Among these are the largest river in the Island, the Exploits, 200 miles long and navigable for 30 miles; the Gander, 100 miles long; the Terra Nova, 80 miles long; and the Gambo, 60 miles long.

15. By a decision of the Judicial Committee of the Privy Council in 1927 Newfoundland was confirmed in the sovereignty of Labrador, about 1,000 miles running from Cape Chidley at the head of Ungava Bay to Blanc Sablon in the Straits of Belle Isle. The area of Newfoundland, with its dependency of Labrador, is thus 152,000 square miles or nearly three times the size of England.

16. The population of Newfoundland is estimated at 182,000. In 1891 it was 198,000; in 1901, 217,000; in 1911, 239,000; and in 1921, the year in which the last census was taken, 259,000. Details are given in Appendix A. That the rate of increase is not higher is explained by the fact that until recently there was a constant flow of persons leaving for the North American Continent. It is computed that there are as many as 200,000 persons of Newfoundland origin now resident in the United States and Canada. For many years there has been no large movement of people into the Island as immigrants or otherwise.

17. The people of Newfoundland are mostly descendants of settlers from England, Ireland, and the Channel Islands. There is a small number of French extraction and a still smaller number from Scotland and Wales. As their primary occupation is fishing, they are distributed round the coast and it is estimated that no less than 90 per cent. of the population live on the littoral. Apart from the inland towns of Grand Falls, Deer Lake, and Buchans, which will be referred to later, there are few permanent settlements in the interior.

18. St. John's, the capital of the Island and the only large town, has a population of about 40,000. The remainder of the people are distributed among some 1,300 settlements, spread for the most part over the 6,000 miles of coast, with populations ranging from 50 to 5,000. The most important of these coastal settlements, which are known as the "Outports," are Harbour Grace, Carbonear,

Trinity, Bonavista, Twillingate, Corner Brook, St. George's, Grand Bank, Burin, Placentia and Bay Roberts.



**Hotel [at] Placentia, looking North, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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19. It will be seen from Map No. 1 that the population is unevenly divided, no less than 47 per cent. of the people living on the Avalon Peninsula, which is itself only one-twelfth of the total area of the Island; 77.5 per cent. live on the east coast, including the Avalon Peninsula, 7.5 per cent. on the west coast and 15 per cent. on the south coast, excluding the Avalon Peninsula. Another feature which should be noted is that the people are divided almost equally into three main religious denominations, Church of England, Roman Catholic and United Church of Canada. The membership of the other denominations is comparatively small; that with the greatest number of adherents is the Salvation Army. If the three main groups be taken, it will be found that the population is distributed in the main in denominational divisions. In the larger centres denominations overlap, but in the country as a whole a district peopled by adherents of the Church of England is followed by a district peopled by Catholics, and this again by a district peopled by members of the United Church of Canada, and so on. (See Map No. 2.)

20. The number of settlers in Labrador is estimated at about 4,000; in addition, there are some 1,300 Esquimaux and a number of Indians. The population is greatly increased during the summer months when large numbers of fishermen from Newfoundland visit Labrador for the fishing season. The chief ports are Battle Harbour and Cartwright.

*Image description updated May, 2004.*

## CHAPTER II.--DESCRIPTIVE. (continued)

### Climate and Soil.

21. Newfoundland enjoys a variable climate which may be said to be milder than that of Canada. The average mean temperature is 41° F. the extreme range being from 0° to 81° F. The thermometer rarely falls below zero. Snow lies from January to April. There is an almost total absence of spring, the summer setting in suddenly in May or June. August is the warmest month of the year and February the coldest. Details showing the range in temperature are given in Appendix B. Planting usually begins towards the end of May and the season closes in October when frosts are apt to occur. The rainfall is ample and conditions favour a rapid growth.

22. Generally speaking, the soil is light and shallow, but there is a wide range of variations from sand and gravel to heavy clay and loam. Vegetable or peaty soils, characterised as marsh or bog lands, extend over a large part of the Island, and their occurrence may be observed in every district of the country. Owing to lack of drainage and to a deficiency of lime, these soils are not suitable for the production of crops.

23. The soils of the Avalon Peninsula are mostly of a light pliable clay of considerable depth and medium fertility, with glacial granite boulders predominating. The view of experienced agriculturists is that these soils have lost much of their fertility owing to the failure of cultivators to adopt a system of rotation of crops, and to the time-honoured practice of spreading raw fish on the land as an aid to production instead of mixing it into a compost. The soils in the western part of the Island are mostly sandy or sandy loams; the latter are of greater fertility than the soils found elsewhere. All the valleys that form the watersheds discharging into the great bays contain large areas of excellent soil suitable for agriculture, notably the Codroy Valley, Humber Valley, Exploits Valley, parts of Green and Bonavista Bays, the Gander and Gambo areas, and parts of Placentia and Fortune Bays. Most of these areas are at present thickly timbered.

### Communications.

24. Newfoundland is separated from Labrador and Quebec on the north by the Straits of Belle Isle which at their narrowest point are 9 miles in width; and from Nova Scotia on the south by the Cabot Strait, about 60 miles wide at the narrowest point.

25. Communication across the Cabot Strait is maintained throughout the year by a steamer belonging to the Newfoundland Government which plies twice a week in winter and three times a week in summer between Port-aux-Basques and North Sydney, Cape Breton. The crossing, 93 miles, takes about 9 hours. From St. John's there are frequent sailings both in summer and winter to Halifax in Nova Scotia, Boston, and New York, a service which is operated by the Furness Red Cross Line, owned and managed by Furness Withy & Company,

Limited. During the season of open navigation in the St. Lawrence River, approximately from the end of April to early December, this service is extended to Montreal and the passage takes five days. During the summer months the steamers call at Quebec on the west bound voyage, returning via Charlottetown in Prince Edward Island, and St. Pierre. The distance from St. John's to Halifax via St. Pierre is 539 miles and the passage takes 2 days. From St. John's to Halifax direct the distance is 526 miles and the passage takes 40 hours. The distance from Halifax to Boston is 234 miles and from Halifax to New York 599 miles.

26. There is a direct passenger service, known as the Furness Line, between Liverpool and St. John's, Halifax and Boston, which is also operated by Furness Withy and Company, Limited. By means of this service the United Kingdom is brought within 6 days' contact with Newfoundland. A passenger service is also maintained in the summer months between Corner Brook and Montreal by the Clarke Steamship Company of Quebec City which takes five to six days.

27. The Newfoundland Railway, which was built under contract with the Government, let on lease and finally taken over by the Government in 1923, connects St. John's with the North-east, west, and south-west coasts. The main transinsular line, from St. John's to Port-aux-Basques, is 547 miles in length, and the crossing of the Island is accomplished in 26 hours. There are 6 branch lines, on some of which the service is now temporarily suspended; including these, the total length of the Railway is 904 miles. (See Map No. 3.) About 160 miles of branch lines have been abandoned on the ground that they never paid and served no useful purpose which could not be served in other ways. Contact with those parts of the coast which are not served by the Railway, or by roads, and with Labrador, is maintained by Government steamers.

28. There are 490 miles of first-class roads and 385 miles of second-class roads. In addition, there are some 2,000 miles of local roads in towns and settlements and 700 miles of roads connecting one settlement with another. The total mileage is thus estimated at 3,575. A policy of highway development was started in 1925, as a result of which many improvements have been undertaken in recent years. It will be seen, however, from Map No. 4, on which the details are shown, that there are still many parts of the Island with which communication is only possible by sea.

29. In 1931 there were 663 Post Offices, but owing to the necessity for economy these have been reduced to 313. Telegraph Offices have similarly been reduced from 71 to 31 and Telephone Offices from 347 to 214. The number of combined Postal and Telegraph Offices now stands at 168, compared with 196 in 1931. The total mileage of telegraph and telephone lines is 4,500 and 1,200 respectively. Increasing use is being made of communication by wireless, particularly in the north of the Island, where it has been found economical to substitute small wireless installations for telegraph and telephone equipment.

30. A wireless station at Cape Race, operated by Marconi's Wireless Telegraph Company, is in constant communication with ships at sea. There is also a direction-finding station at Cape Race and a similar station has been recently erected on Signal Hill at St. John's.

**Signal Hill, St. John's, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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31. There are transatlantic-cable stations at Heart's Content in Trinity Bay, Bay Roberts and Harbour Grace in Conception Bay and St. John's, while cables at Placentia and Port-aux-Basques connect with the United States and Canada.

*Image description updated May, 2004.*



## CHAPTER II.--DESCRIPTIVE. (continued)

### Natural Resources.

32. Newfoundland's main resource is her fisheries which are described in detail in Chapter VI. Ever since Cabot's discovery of the Island in 1497 Newfoundland has been renowned for cod, which is equal if not superior in quality to that obtainable anywhere else in the world. The word "fish" in Newfoundland means "cod fish" and it is on the cod fishery that the economic structure of the Island primarily rests. The average annual catch is estimated at 1,500,000 quintals or hundred-weights, of which some 200,000 quintals are consumed locally. The remainder are cured for export, the principal markets being Spain, Portugal, Italy, Greece, Brazil and the West Indies. The census returns show that in 1921 some 65,000 persons, or one-quarter of the population, were occupied exclusively in catching and curing fish; the number of fishermen-farmers was 34,000 (see Appendix A).

33. Next in importance to the cod fishery come the seal fishery which takes place annually in March and April, and the salmon fishery which usually lasts for six weeks in May and June. The export of chilled salmon to the United Kingdom is now one of the most promising of local industries. Lobster and halibut are exported to Canada and the United States and there is also a small trade in dried squid exported mostly to China. Haddock and mackerel are only taken occasionally. Herring are plentiful and at one time used to be salted and cured in large quantities for foreign markets. Tariff difficulties in other countries and declining demand have, however, reduced the industry to small proportions. The salmon and trout fishing on the rivers and lakes of Newfoundland ranks amongst the finest in the world, and for many years has attracted sportsmen to the Island. The best salmon rivers are those on the West Coast.

34. Apart from her fisheries, Newfoundland's principal resources are her forests and her mines. The former, which consist mainly of spruce and fir, with a small percentage of birch, pine and juniper, support two paper mills, one at Grand Falls and the other at Corner Brook, capable of producing 500 and 600 tons of paper in the Gander Valley. The mill at Grand Falls is owned and operated by the Anglo-Newfoundland Development Company, first established in 1905; that at Corner Brook was built in 1923 and since 1927 has been operated by the International Power and Paper Company of Newfoundland, Limited, which is a subsidiary of the International Power and Paper Company of New York. In both these places model towns have been laid out under town planning schemes. The number of men employed in the two mills is approximately 1,400; at the height of the cutting season some 3,000 men are employed in the woods. The amount paid by the two Companies in wages is about \$6,000,000 per annum in normal years. The activities of these Companies are considered in detail in Chapter VII.

35. The two mines at present working in Newfoundland are situated at Bell Island in Conception Bay and Buchans on Red Indian Lake. The former contains immense deposits of iron-ore and is said to be the largest mine of this description in the British Empire. It is owned by a Canadian Company, the Dominion Iron and Steel Corporation, Limited. In normal conditions the mine

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gives full time employment to 2,200 men. As a result of the world depression two sections out of four have been closed, and at present time employment can only be found for 1,100 men for two days a week. In 1930 over \$2,000,000 was paid in salaries and wages; the pay-roll has now been reduced to less than \$500,000 a year. Germany hitherto has been the principal market for Newfoundland ore, which has not so far been used to any large extent in the United Kingdom.

36. The mine at Buchans, opened in 1928, is engaged in the production of lead and zinc concentrates. It is equipped with the most modern machinery and although prices are low it has so far succeeded in working full time. The number of men employed is 350. The life of the mine is estimated at 14 years; it is improbable, however, that this is an isolated deposit and prospecting is undertaken annually which it is hoped will lead to further discoveries. The mine is operated by the Buchans Mining Company, Ltd., a company which was formed as the result of an agreement between the American Smelting and Refining Company and the Anglo-Newfoundland Development Company on whose land the mine is situated.

37. Copper has been worked in the Island, principally in Notre Dame Bay, but no mines are at present operating. The largest mine was that at Tilt Cove, which was opened in 1864 and proved for a number of years a great asset to the community. During the 'eighties Newfoundland was the sixth largest copper producer among the countries of the world.

38. Coal is known to exist in St. George's Bay and silver, nickel, chromium, antimony, asbestos and vanadium are also found in various parts of the Island. These have not yet been shown to be commercially workable, but it may be taken that the mineral possibilities of Newfoundland have been by no means exhausted.

39. The resources of Labrador, apart from the fishery, remain largely a matter for speculation, since the country has never been surveyed. It is estimated, however, that of the total area of 110,000 square miles, some 30,000 square miles consist of timber-lands suited to commercial use. Minerals are believed to exist in certain parts of the territory and active prospecting for gold is now in progress. The ample facilities for water-power should prove of great value when the country is developed. Enterprise has hitherto not been directed towards Labrador.



**Looking Southwest over Port Manvers and Port Manvers River, Labrador, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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### **Local Manufactures.**

40. A number of secondary industries are carried on both in St. John's and the outports. A list of these, showing the number of firms engaged, as follows:--

Aerated Waters	9	Ice Cream	1
Breweries	3	Leather and Leather Goods	3
Biscuits	3	Goods	1
Boots and Shoes	4	Lime	3
Brooms	1	Lumber and Wood	4
Butter	2	Workers	3
Cabinet-making	1	Mattresses	1
Cans	2	Monuments	1
Carriage-building	3	Nails	2
Chemicals	1	Paints	2
Clothing	3	Pulp and Paper	2
Confectionary	4	Sailmakers	2
Cooperage	3	Ships and Boats	3
Cordage	1	Soap	1
Foundries	3	Stoves and Castings	2
Furniture	4	Tobacco	1
Gas	1	Trunks	
		Woollen Goods	

41. In many cases, these industries have difficulty, in spite of a high protective tariff, in meeting outside competition, and it is a debatable question how far their existence may be said to have served the best interests of the country. There has been a continued reduction in the volume of business during the last three years with a corresponding decrease in the number of work-people. It is estimated that the total turnover of these industries during 1932 was \$4,000,000 as against \$8,500,000 in 1929. A number of workshops and factories have recently been forced to suspend operations; others are working on a part-time basis. A few, such as the butter, biscuit and cordage factories and the breweries, are showing good results. According to the census of 1921 the number of persons employed in factories was 1,833. While no definite figures are available, it is now estimated at 1,000.

*Image description updated May, 2004.*

**CHAPTER II.--DESCRIPTIVE.** (continued)

**Imports and Exports.**

42. Newfoundland's principal exports are the products of her fisheries, forests and mines. In return she imports flour, sugar, salt, meat, molasses, tea, and other foodstuffs; coal, gasoline, dry goods, clothing, and a wide range of manufactured articles.

43. The following figures show the extent of Newfoundland's trade during the four years 1928-29 to 1932-32. The full figures for 1932-33 are not yet available.

	<i>Imports.</i>	<i>Exports (including re-exports).</i>
	\$	\$
1928-29 .....	29,237,381	36,797,703
1929-30 .....	31,871,151	40,051,959
1930-31 .....	25,261,701	33,537,569
1931-32 .....	18,135,651	26,689,476

44. The value of newsprint and mineral products exported in 1931-32 was \$15,400,000 and \$3,500,000 respectively or, taken together, \$18,900,000 out of a total of \$26,700,000. The paper mills and the mines are conducted by outside interests, and of the three main industries the fishery alone is carried through by local enterprise from start to finish. The value of fishery products exported during the years 1928-29 to 1931-32 has been:

	\$
1928- .....	16,031,735
29 .....	14,963,004
1929- .....	10,469,856
30 .....	6,393,548
1930- 31	
1931- 32	

45. Of Newfoundland's imports, nearly one-half come from Canada; about one-third come from the United States; and one-sixth from the United Kingdom. Canada, however, takes only a small proportion of Newfoundland's exports, \$1,300,000 worth in 1931-32 out of a total of \$26,690,000, the bulk, mostly newsprint and mineral products, being taken by the United States and the United Kingdom in the proportion of five-thirteenths and four-thirteenths respectively. The principal markets for Newfoundland's salt fish, which in past years has formed her chief export, are Spain, Portugal, Italy, Greece, Brazil and the West Indies.

46. Tables giving classified lists of imports and exports are contained in Appendix C. For further particulars of Newfoundland's trade reference is invited

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to the report on "Economic Conditions in Newfoundland" recently compiled by Your Majesty's Trade Commissioner in Newfoundland and the Maritime Provinces of Canada (Stationary Office Publication No. 552 of 1933).

### **Constitution and Local Government.**

47. Newfoundland is a Dominion and has enjoyed responsible government since 1855.

48. Legislative authority is vested in the Governor and two Houses of Parliament. Members of the Upper House, known as the Legislative Council, are appointed by His Majesty on the recommendation of the Governor acting on the advice of Ministers; such appointments are for life. Members of the Lower House, known as the House of Assembly, are elected by the people. There are at present 17 members of the Upper House; the membership of the Lower House was reduced in 1932 from 40 to 27. Labrador is not represented in either House.

49. The Governor presides at meetings of the Executive Council, or Cabinet, which at present consists of twelve members, seven of whom hold portfolios. The work of the Council, however, is largely done by a Committee of Council, consisting of the members of the Executive meeting under the chairmanship of the Prime Minister. The Minutes of the Committee are formally approved by the Executive Council, presided over by the Governor.

50. The qualification of candidates for election to the House of Assembly is possession of property exceeding \$2,400 in value or a net annual income of \$480.00. Members are given a sessional allowance of \$600.00 reduced from \$1,000 in 1932. Members of the Legislative Council or Upper House receive a sessional allowance of \$200.00.

51. The franchise is limited to British subjects of not less than two years' residence. Men are entitled to vote at 21 and women at 25 years' of age.

52. There are two main political parties, the Liberals and the Conservatives. The latter now hold office.

53. Outside the capital, there is no local municipal government and no local taxation or rating. In 1933 an Act was passed enabling areas with population of not less than 1,000 to establish a local authority to administer local affairs within the area. St. John's itself is a municipality conducted by a Mayor, a Deputy Mayor, and 7 Councillors. Municipal elections are held triennially. All householders are entitled to vote; non-householders may vote if they are males of 21 years of age and have paid a poll tax of \$5.00. The municipality administers the laws relating to Public Health, and is responsible for the maintenance and lighting of streets, the public supply of water, the upkeep of public gardens and the good government of the City. The tramway and telephone services are operated by private companies. Elementary education, both in St. John's and in the outports, is provided by the Churches, aided with money grants from the Government.

54. In St. Anthony local affairs are looked after by the International Grenfell Association, of which Sir Wilfred Grenfell is the founder and head.

**Fishing village of St. Anthony. Central station of Grenfell Mission,  
Newfoundland, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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*Image description updated May, 2004.*

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## CHAPTER III.--HISTORY OF NEWFOUNDLAND SINCE THE GRANT OF RESPONSIBLE GOVERNMENT.

### The Period from 1855-1895.

55. In 1832, the year of the great Reform Bill in the United Kingdom, a representative assembly was created in Newfoundland. In 1839 Lord Durham, surveying the position of the North American Colonies in his well-known Report, refers to "the ordinary colonial collision between the representative body on the one hand and the executive on the other" in Newfoundland.\* The experiment of representative Government was at first so little successful that Parliament was compelled to interfere and partially to withdraw the privileges which had been conceded. In 1847 the Constitution originally given was, with some amendments, restored and placed on a permanent footing.† In 1855 the Island was granted responsible government. The change, which was inaugurated by the Governor, Sir Charles Darling, in that year, could hardly have been made at a more auspicious time. Trade was buoyant, the introduction of telegraphic and steam communication promised rich reward and, in the words of the then Colonial Secretary, "the sunshine of prosperity" beamed on the new Government.‡ The tragic events of 1846, when a terrible fire destroyed one-half of St. John's, a hurricane overwhelmed a great number of fishing craft and the potato crop failed through blight, had passed into history;§ the town had been rebuilt and losses made good; the disastrous cholera epidemic of 1854 had been successfully countered; triumph over the past was combined with confidence in the future.



**St. John's City and Harbour (showing Quodi-vide [sic] Lake, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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56. The population at this period was about 130,000. Imports amounted to five or six million dollars and exports to six or seven million dollars a year. No less than 350 vessels, manned by 14,000 men, were employed in the seal fishery, but the cod fishery, supporting about 30,000 men, remained the chief source of wealth. In the export of fish, trade relations had been established with almost every maritime nation in Europe and with Brazil and the United States. The number of vessels entering and clearing annually was about 1,200. Revenue amounted to \$500,000-\$550,000 a year. The public debt was \$900,000; deposits in the Government Savings Bank at St. John's stood at the same figure. It was claimed in 1864 that the financial position of the Island was sounder than that of any other Colony in British North America.°

57. While, however, the first years of responsible government were years of plenty, it was not long before the country received a series of sharp reminders that its prosperity depended primarily on the bounty of Nature. In 1860 the fishery partially failed. Widespread distress followed and substantial expenditure

was incurred in the relief of the able-bodied poor. Worse was in store, for, after an indifferent fishery in 1861, the Island was visited in the spring of 1862 by a blockade of ice of unprecedented severity. For 52 days the wind blew continuously from the north-east, driving the ice on to the land, and no rain fell for two months.± On the northern coast numbers of seals were taken from the shore, but the ship seal fishery, in which steam was used for the first time, was an almost complete failure. This disaster was followed by a partial failure of the cod fishery. The people had no reserves on which to fall back and were reduced to a pitiable condition. The next few years brought no improvement and the increasing pauperism became a source of continual anxiety to the Government. It was not indeed until 1869 that a remunerative catch was obtained. In the interval numbers of the people had emigrated to the United States and Canada.

58. The mark left by these eight years of misfortune was not easily obliterated. The people, long tired, would seem almost to have lost heart. Contemporary historians record that by the system of relief, necessary though it was, "reckless and indolent habits were engendered; and ere long nearly a third of the entire revenue went in charity. So many were left in a condition of semi-starvation, whenever a failure of the fisheries occurred, that Government found it impossible to distinguish between the applicants for relief. So general was the distribution of relief that a great majority of the industrial population soon learned to disregard the stigma of pauperism. They claimed public assistance as a private right."|

59. Fortunately, however, progress was recorded in other directions. Copper ore was discovered in the north of the Island and the Tilt Cove mine (now worked out), which was to play such an important part in the economic life of the community, was opened in 1864. The geological surveys begun by Jukes in 1836 were continued by Alexander Murray and later by J.P. Howley. In 1866 a second attempt to inaugurate telegraphic communication across the Atlantic was successful, the cable being safely landed at Heart's Content in Trinity Bay. In 1869 direct steam communication with England was established.

60. An advance had also been registered in the political field. Previous general elections had invariably been conducted in an atmosphere of sectarian jealousy and partisanship deliberately engendered by the contending parties. Candidates rivalled each other in the exploitation or denunciation of religious beliefs; the closer the contest, the more unscrupulous the appeal to denominational passions. This practice not only led to scenes of rioting and violence during the elections, but gave rise in time to bitterness of feeling which threatened to destroy the decencies of public life and poison the new growth of political consciousness. The general election of 1861 brought matters to a climax. When the new Assembly was opened, an attempt to break through the doors of the Colonial Building was followed by serious riots in St. John's, so serious indeed that the military were compelled to open fire on the crowd, three persons being killed and twenty wounded. These humiliating scenes brought the Island an unwelcome notoriety, but had the happy result of awakening in the political leaders a sense of their responsibility. Under the pressure of public opinion a settlement was shortly afterwards reached under which it was agreed that "all religious parties should be fairly represented in the arrangement of an administration and in the distribution of offices."□ This agreement has since been consistently followed.

61. The end of the period of adversity came in 1869. In the previous year the Government had ordered the discontinuance of all payments of able-bodied relief.



The decision was opportune; the fishery of 1869 was outstandingly successful and the immediate improvement in the condition of the people rendered it possible to discontinue relief payments. A turning point had been reached.

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\* The Report and Despatches of the Earl of Durham, 1839, (Ridgways, London), p. 143.

† Earl Grey, "The Colonial Policy of Lord John Russell's Administration" 2nd edition, London, 1853, vol. 1, p. 294.

‡ D.W. Prowse, "History of Newfoundland", 2nd edition, London, 1896, p. 468.

§ The loss by fire in 1846 was little short of £890,000. A sum of £30,000 was voted by the Imperial Parliament to relieve distress. A considerable sum was obtained for the same purpose by a collection made in the Churches of the United Kingdom under a Queen's Letter and by a subscription both in the United Kingdom and in other North American Colonies. From these various sources a sum of £102,500 was received. Earl Grey, *op. cit.*, p. 295.

° Speech by Mr. (afterwards Sir) Ambrose Shea at Montreal, 29th October, 1864; Whelan, "The Union of the British Provinces", Charlottetown, 1865.

± Prowse, *op. cit.*, p. 492.

‡ J. Hatton & Rev. M. Harvey, "Newfoundland, the oldest British Colony" (London, 1882), pp. 115-116.

□ Prowse, *op. cit.*, p. 491.

*Image description updated May, 2004.*

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### CHAPTER III.--HISTORY OF NEWFOUNDLAND SINCE THE GRANT OF RESPONSIBLE GOVERNMENT.

#### The Period from 1855-1895. (continued)

62. It was thus in an atmosphere of returning prosperity that Newfoundland was called upon to take a decision of immense importance to her future. The Confederation of the Colonies comprising British North America was the great political movement of the day. Public opinion in Newfoundland was attracted by the idea from the first; it was, indeed, claimed that, when, in 1858, the Government of Canada appealed to the Colonies in British North America to co-operate in bringing about a union, Newfoundland was the only Colony which responded.\* It was not, however, until 1864 that official negotiations were undertaken. Newfoundland was not represented at the Conference held at Charlottetown in Prince Edward Island in that year, but she was invited to send delegates to the ensuing Conference at Quebec in 1864 and immediately availed herself of the invitation. On all sides there was a disposition to regard the question of Confederation as a national issue. The barriers of party politics were broken down, and Newfoundland sent as her delegates Mr. (afterwards Sir) Frederick Carter, Speaker of the House of Assembly, representing the Government, and Mr. (afterwards Sir) Ambrose Shea, representing the Opposition. On the successful conclusion of the Conference, the delegates made a triumphal progress through Quebec and Ontario, visiting in turn Montreal, Ottawa and Toronto, and pledging themselves in a series of public speeches to the fulfilment of the great undertaking. That the Newfoundland delegates were both enthusiastic supporters of the new movement is clear from the speeches which they contributed. Neither doubted that Newfoundland, in common with the other Colonies, had much to give to and to gain from the Union and each believed that his opinion would be shared by a large majority of the people. It was thus with high hopes that they brought back to the Island a draft of the terms which they had provisionally accepted.

63. These hopes were not, however, to be realised. The proposals were not received with enthusiasm and an "anti-Confederate" Party grew up which Prowse records to have been strong in numbers, powerful in organisation and led by an able and indefatigable political campaigner.† Mr. Carter became Prime Minister in 1865, but the issue was not put to the test until four years later. In the meantime, in 1867, the British North America Act constituting the Canadian Confederation was passed by the Imperial Parliament and provisions were included in it with a view to the entry of Newfoundland into the Union. So general, indeed, was the expectation that the Island would take her place with the other Colonies that in Canadian official publications of the time Newfoundland was treated throughout as a partner in the new Confederation.‡ Newfoundland did not participate in the London Conference of 1866-7, but official negotiations were resumed in 1868 and in the spring of 1869 a delegation visited Ottawa, where a tentative agreement was reached.§ It proved, however, that the Government had allowed their opponents too much rope, for when, in the same year, the issue was at length put to the people, the Federal Party suffered a humiliating defeat.

64. This unexpected result has been ascribed to a variety of causes.<sup>o</sup> A certain fear of the dominance of Canada; the vagueness of the terms offered in return for the surrender of independence; the inadequate provision for a mail steamship service; the feeling that the interests of the Island as a fish-producer might be neglected; all these played their part. It must be remembered also that the continued refusal of Prince Edward Island to enter the Union and the attitude of Nova Scotia in the first Parliamentary elections of the new Confederation of 1867, when only one Federal candidate was returned, could not have failed to exercise a disturbing effect on public opinion in Newfoundland.<sup>±</sup> But if, notwithstanding these and other considerations, the issue had continued to be regarded as a national rather than a party question, the verdict of the people might have justified the Government's expectations. The Government had, however, delayed too long in taking the verdict. Eleven years had elapsed since the question of union was first mooted; five years had passed since the Quebec Conference of 1864 and the Confederation itself was already two years old. Ample time had thus been given for the formation and growth of the "anti-Confederate" Party and the spread of their propaganda. Once such a party had taken the field, the easiest of tasks awaited them, viz., that of exploiting the credulity of the electors by wild tales of conditions on the mainland and of the miserable fate that would be theirs if they once allowed themselves to come under Canadian domination. It was the telling effect of these tactics that completed the ruin of the Federal Party.

65. The decision once taken, the country, as if to justify its verdict, threw itself with enthusiasm into schemes of internal development. Under the new Government, progress was made with road construction; there was a great advance in the mining industry; agriculture was encouraged; and a succession of good fishing seasons, culminating in 1874 in a record catch, brought added prosperity. The population at this time was about 160,000, of whom all but 7,500 had been born in the Island. The census returns of 1874 show that there were 4 bishops; 120 clergymen or ministers; 30 lawyers; 41 doctors; 589 merchants or traders; 1,004 farmers; 2,171 mechanics; 45,845 persons engaged in catching and curing fish; 26,377 able bodied seamen engaged as fishermen; 18,935 children attending school; 20,758 children not attending school; and 24,050 houses inhabited by 26,916 families. The vessels employed in the seal hunt and other fisheries numbered 1,197 and were manned by 8,689 men. The area of land under cultivation was 36,339 acres. Revenue in 1874 reached the record figure of \$841,588. Imports were valued at \$7,354,689, and exports at \$8,569,960, a figure which was not exceeded until 1881.

**Drying Fish, Mobile, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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66. No attempt had yet been made to open up the interior of the Island. Proposals for the construction of a railway had been canvassed from time to time, but these had been looked upon as visionary and wholly beyond the means of the Colony. A change in public opinion now began to manifest itself. Glowing reports of the natural resources of the country had been received from those in charge of the geological survey and, though these at first made little impression,

the desirability of providing a new outlet for the increasing population eventually induced the Government to embark on a practical test. In 1875 the Governor, Sir Stephen Hill, in opening the session of the Legislature, said:--

"The period appears to have arrived when a question which has for some time engaged public discussion, viz., the construction of a railroad across the Island to St. George's Bay, should receive a practical solution. Independently of the benefits to flow from opening up the great resources of the interior of Newfoundland to the industry of its people, there is the well-founded expectation that a line of railway would attract to our shores the mail and passenger traffic of the Atlantic, for which this Island would offer the safest and most expeditious route between the Eastern and Western Hemispheres; and thus would be secured those vast commercial advantages which our geographical position manifestly entitles us to command. As a preliminary to this object a proposition will be submitted to you for a thorough survey, to ascertain the most eligible line, and with a view to the further inquiry whether the colony does not possess within itself the means of inducing capitalists to undertake this great enterprise of progress." |

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\* Speech by Mr. (afterwards Sir) Frederick Carter at Toronto, 3rd November, 1864: Whelan, op. cit.

† Mr. Charles Fox Bennett; Prowse, op. cit., p. 495.

‡ e.g. the first Canada Year Book, 1867.

§ Sessional Papers, Canada, 1869, p. 51; Cambridge History of the British Empire, Cambridge, 1930, vol. vi, p. 476.

° Prowse, op. cit., 494-5; Birkenhead, "The Story of Newfoundland," (London, 1920), pp. 126-7; Cambridge History of the British Empire, loc. cit.

± Cambridge History of the British Empire, vol. vi, pp. 474-5 and 479-80.

| Speech at the opening of the session of the Legislature 1875: "The Newfoundlander," St. John's, 5th February, 1875.

*Image description updated May, 2004.*

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67. A sum of money was voted for a preliminary survey, and the work was completed during the summer by a party of Canadian surveyors under the superintendence of a distinguished Canadian engineer. The survey showed that a suitable line could be constructed without serious difficulty, but the scheme was found on examination to be too costly to permit of its adoption. It was not until six years later that a beginning was actually made with railway construction, and by that time the potentialities of railway development had been carefully thought out and the Island given a clearly defined policy.

68. The fisheries in this year were only partially successful, but increased prices compensated for the loss of catch. Greater attention was now being paid to agriculture and in 1876 Sir Stephen Hill was able to announce that, although the potato crop had been visited by blight, the damage was offset by the exceptionally large yield.\* With a view to reviving the cod fishery on the Banks (see Map No. 5), the Government determined on a measure for granting bounties to fishermen for a period of five years. This step appears to have fully justified by results.

69. Sir John Glover, who had had a distinguished naval career, succeeded Sir Stephen Hill as Governor in 1876. In the following year a Commission met at Halifax, in accordance with the terms of the Treaty of Washington of the 8th May, 1871, to determine the amount of compensation to be paid by the Government of the United States for fishery rights which had been extended to the citizens of the United States under that Treaty on the principle of free fishing and free sailing. The case of Newfoundland was prepared and presented by Mr. (afterwards Sir) William Whiteway. The issue is best explained in his own words:-

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"A treaty has been entered into between Great Britain and the United States, by which the United States had conceded to Great Britain the right of fishing upon a certain part of the American coast and a free market in the United States for Canadian and Newfoundland caught fish and produce, and in return Great Britain had conceded to the United States the right of fishing in Canadian and Newfoundland waters in common with British subjects. We alleged that the value of our concession was greater than that made by the United States. This Commission, appointed by virtue of the Treaty, was to try that question, and to award the difference in value, if any, to Great Britain. Now, the United States counsel candidly admitted, first that the concession to us to fish in American waters was of no value to us, as we could never use it; and secondly, it was our argument at the trial and clearly proved that for us to have the right of importing into the United States our fish and fish produce duty free was an advantage to the United States as a nation; it gave them a cheaper article ...therefore the concession of a right of fishing on the American coast

was admitted to be valueless, and the right of free market was shown to be a benefit to the United States and no additional value to us. On the other hand Newfoundland conceded to the United States a free right of fishing on the coast from Ramea Islands by Cape Ray to Cape John. What was the value of this concession? ...It has been decided after a most rigid investigation that the right to fish along a portion of our coast for 12 years, under the facts given in evidence, is worth one million dollars."†

The sum received by the United Kingdom under this Arbitration was duly paid over to Newfoundland.

70. Fears had been entertained in the Colony that the compensation to be paid would be assessed at a nominal figure, in which event the Government might have been placed at a serious disadvantage in resisting French claims. The announcement of so substantial an award was therefore received with gratification and special resolutions of thanks to Mr. Whiteway were passed by both Houses of the Legislature.‡ It is necessary, for the full significance of Mr. Whiteway's achievement to be appreciated, for a brief reference to be made here to the long and complicated story of French fishing rights in the Island. Under Article XIII of the Treaty of Utrecht of 1713, French subjects were granted the privilege of catching and curing fish on certain parts of the coast of Newfoundland.§ This privilege was renewed and confirmed first by the Treaty of Paris, 1763, under which Labrador passed into British possession, and later by the Treaty of Versailles, 1783; under the latter instrument the islands of St. Pierre and Miquelon, only 10 miles off the southern coast of Newfoundland, were ceded to France "to serve as a shelter to the French fishermen." It was the policy of England at the time of the Treaty of Utrecht to regard Newfoundland as a training ground for the Navy and a place to trade, and to discourage colonisation. When, however, recognition was at length given to the claims of the Island as a place for permanent settlement, the concessions granted by treaty to French nationals assumed a more serious aspect and for over a century proved a constant source of vexation to the Colony. It was not until 1904 that the United Kingdom was able to secure for the benefit of Newfoundland the renunciation by France of the privileges originating with the Treaty of Utrecht; until that date the Government of Newfoundland were engaged in an almost continuous struggle to free themselves from what they regarded as unjustifiable encroachments on their territorial and maritime rights. This running fight, and the excitement, irritation, jealousy and bitterness to which it repeatedly gave rise, form the background to the history of the period.

71. In the meantime thoughts had again been turned to the desirability of opening up the country by means of a railway, and in 1860 a Joint Committee of the Legislative Council and the House of Assembly was specially appointed to consider the problem. The report of this Committee, which is printed in full in Appendix D, is of particular interest as containing a reasoned appreciation of conditions in the Island. The Committee observed in the first place that, while the fishery was the main resource of the country, it was not capable of indefinite expansion. Moreover, the partial failures which were inevitable from time to time were apt to lead to periodical visitations of pauperism for which the only remedy lay in widening the activities of the people. They further pointed out that the great success of the mining industry in Notre Dame Bay° encouraged the hope that similar development could take place in other parts of the Island; that lands suitable for agricultural purposes were known to exist on the north-east and

west coasts and that these "needed only the employment of well-directed labour to convert them into means of independent support for thousands of the population"; and finally that conditions of fertility in the Avalon Peninsula were far below those which existed in the interior, and that grazing lands were available which were admirably suited to the production of livestock, not only for home consumption, but also for export to the English market.

72. They accordingly reached the conclusion that it was to the Island's advantage that these sources of wealth should be tapped, and they recommended that for this purpose a railway should be constructed, which, after passing through the Avalon Peninsula, the principal towns and settlements in Conception Bay and the agricultural and timber lands on the North-East coast, would finally connect St. John's with the mining district in Notre Dame Bay. The Committee recognized that such a railway would not be a paying proposition per se, but they regarded it "as the work of the country" and they recorded their belief that, from the standpoint of its bearing on the promotion of the well-being of the people, in which the returns were alone sought and would be found, it would, in time, amply pay its cost and that the consequent advance in the comfort and independence of the people would fully attest the wisdom of its establishment.



**Coast Scenery near Twillingate, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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\* Speech at the opening of the session of the Legislature, 1876: "The Newfoundlander," St. John's, 4th February, 1876.

† Speech in the House of Assembly, 1878; Prowse, op. cit., pp. 505-506.

‡ Journal of House of Assembly, 1878, p. 43; App. pp. 309-310.

§ i.e., from Cape Bonavista to the northern point of the Island and thence to Point Riche on the west coast. Under the Treaty of Versailles of 1783, these limits were altered so as to extend from Cape St. John on the east coast to Cape Ray on the west. This stretch of coast is still referred to colloquially as the "French shore."

° See paragraphs 37, 59 and 456.

*Image description updated May, 2004.*

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73. The principles underlying the Committee's recommendations found ready acceptance. In 1880 a first Railway Bill was passed, providing for the construction of a light railway from St. John's to Hall's Bay, in Notre Dame Bay, with branch lines to Harbour Grace and Brigus. The total length of the proposed railway was estimated at 340 miles. In the autumn of the same year the survey was completed from St. John's to Harbour Grace. It was the intention of the Prime Minister, Sir William Whiteway, that the Government should itself undertake the construction of the line but, after tenders had been received, a contract was made with the Newfoundland Railway Company which was confirmed by the Railway Act of 1881. Under this contract the Company was required to construct the line under the supervision of a Government engineer, to operate and maintain it continuously, and to complete the whole line to Hall's Bay within five years. The Government on its part undertook to pay an annual subsidy of \$180,000 per annum for 35 years, proportionate payment to be made as each section of five miles was completed, and to give the Company a land grant of 5,000 acres for each completed mile. Grants of this kind, which to-day seem disproportionate to the objects in view, were to become a common feature in the history of the Island's railway development.

74. In 1881, a start was made with the construction of the line and the country immediately felt the benefit of increased employment. Prowse records that "the money thus spent ...came on the whole community like the gentle rain from Heaven; its refreshing dews descended alike on the friends and opponents of the new enterprise; its rills trickled into everyone's pocket--merchant, trader, small shopkeeper, all alike experienced the good results of this large outflow of money to the railway labourer."\* Unfortunately, the "refreshing dews" were, in a later period of the Island's history were to become heavy showers which lured whole sections of the people away from the fishery in the hope of a less hazardous means of livelihood and thus tended to hinder the progress of the country's primary industry. By 1884 the line was completed as far as Harbour Grace and in 1888 an extension from Whitbourne to Placentia was opened to traffic. But the failure of the contractors held up further progress, and it was not until 1891 that the railway was extended to Trinity and Bonavista Bays.

75. In the meantime developments had taken place in other directions. In 1882 it was decided to proceed with the construction of a dry dock, and a contract was made with J.E. Simpson and Company of New York. The work was completed in 1884 and proved an immediate success. The dock, a wooden structure, which was capable of admitting the largest steamer then afloat, was at first leased to Messrs. Simpson and subsequently to a local firm. The year 1882 was also noteworthy for the establishment of the "Rope Walk," a factory for the manufacture of fishing gear, netting, cordage and cables which had up to that time been imported from the United Kingdom and the United States. The "Rope Walk," which is owned and operated by the Colonial Cordage Company of St. John's, remains to this day one of the most important of Newfoundland's local



industries. In 1882 also the revenue of the Island for the first time exceeded \$1,000,000 and Sir Frederick Carter, who was administering the Government in the Governor's absence, was able to say in his opening speech to the Legislature: "The coincidence of the improved conditions to which I have adverted with the inauguration of the Newfoundland Railway marks an era of progress which is a meet subject of congratulation to the country."†

76. In 1885 Sir William Whiteway resigned and was succeeded as Prime Minister by Mr. (afterwards Sir) Robert Thorburn. During the next two years negotiations relating to the vexed question of French fishery rights formed the main preoccupation of the Government. In 1887, the Jubilee Year of Queen Victoria's accession, the first Colonial Conference was held in London. Newfoundland was represented by Mr. Thorburn who, as Prime Minister of the "oldest Colony", was the senior Colonial Premier, and by Sir Ambrose Shea, who later in the same year was appointed Governor of the Bahamas. The opportunity of discussion afforded by the Conference enabled agreement to be reached with the Imperial authorities on the course to be adopted in relation to French claims, but further difficulties soon arose and necessitated the despatch of special delegations to England in 1890 and 1891.

77. There were also difficulties with the United States. After the lapse in 1885 of the reciprocity Treaty of 1871 with that country on the principle of free fishing and free selling (see paragraph 61), serious disputes with United States fishermen arose as to their alleged poaching in British North American waters. Thereupon in 1888 negotiations for a reciprocity Treaty with the United States were conducted at Washington by a delegation consisting of Mr. Joseph Chamberlain, Sir Lionel West (His Majesty's Minister) and Sir Charles Tupper, then Minister of Finance in the Canadian Government. The Newfoundland case was presented by the Attorney-General, Mr. (later Sir James) Winter. The negotiations resulted in a Treaty and a Protocol.‡ The Treaty established two principles: (1) relating to the delimitation of British North-American waters, (2) providing that, as soon as the duties in force in the United States on Canadian and Newfoundland fishery products had been removed, United States fishery products would be admitted free of duty into Canada and Newfoundland and United States fishing vessels would be granted annual licences free of charge to enter Canadian and Newfoundland waters for the purpose of purchasing provisions, bait and other supplies, transshipping their catches and shipping their crews.

78. The Treaty, which included provision for the appointment of a Mixed Commission to delimit British North American waters on the basis laid down, was not ratified by the United States Senate and never came into force. (It was not indeed until 1912 that the question of delimitation was finally settled by the conclusion of a new Treaty§). The Protocol, however, came into force at once. It introduced a *modus vivendi* whereby United States fishing vessels under annual licence at a fee of \$1.50 a ton were permitted to enjoy all the facilities and amenities contemplated by the Treaty.

79. Two years after the rejection of Mr. Chamberlain's Treaty, Newfoundland acted alone independently of Canada; and Mr. (afterwards Sir) Robert Bond, on behalf of Newfoundland, and Mr. Blaine, on behalf of the United States, negotiated a treaty for the mutual accommodation of both countries. As a result, however, of representations by the Canadian Government to the Imperial authorities, this Treaty also remained unratified. A little later Newfoundland

again moved for improved trading facilities with the United States in fishery products. A treaty was again provisionally agreed but it was also vetoed, on this occasion by the Senate of the United States,<sup>o</sup> and Newfoundland had the mortification of seeing her cherished desires once more obstructed.

80. The year 1892 was a calamitous one. In February a violent storm caught unawares a number of fishermen in Trinity Bay who were out looking for seals. The majority succeeded in fighting their way back, but many were blown out to sea and there was a heavy loss of life and great suffering and distress.

**Green's Harbour (Trinity Bay), n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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In July of the same year there befell the worst disaster in the history of the Island. Twice previously had St. John's been ravaged by fire, but the conflagration which raged for 16 hours on the 8th and 9th July eclipsed all previous experiences. The fire broke out in a stable at the eastern end of the town and, fanned by a powerful gale, spread with alarming rapidity. The firemen were compelled to work without water, as the pipes were under repair and the supply had not been restored. Volunteers were called for, and the townspeople flocked to fight the flames, but it was soon apparent that no human effort could check their progress. The heat was so intense that brick and stone offered little more resistance than wood. Flying embers were soon scattered over the city, and in less than two hours new fires had started in several places. By the early morning of the 9th July, fully three-quarters of St. John's lay devastated. Over 2,000 houses and stores had been destroyed, and nearly 11,000 persons were left homeless. The damage to property was computed at \$20,000,000, of which less than \$5,000,000 was covered by insurance. Of the principal shops and warehouses, scarcely a vestige remained; the business and professional quarter was completely gutted; the chief public buildings, the Hospital and the Church of England Cathedral and many churches were alike reduced to ruins.

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\* Prowse, op. cit., p. 508.

† Ibid., p. 510.

‡ United Kingdom Parly. Papers, C. 5262, 1888.

§ United Kingdom Parly. Papers, Cd. 6450, 1912.

<sup>o</sup> An attempt was made in 1897 to revive the Treaty without success. *Evening Telegram*, St. John's, Oct. 4, 1897.

*Image description updated May, 2004.*

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81. As on the occasion of the great fire of 1846, assistance was speedily forthcoming from the United Kingdom and Canada. Provisions and tents for the sufferers were immediately sent from the naval and military stores at Halifax; collections for the relief of the city were started throughout Canada; and, in addition to the amount so raised, contributions of \$10,000 and \$20,000 were voted by the Government of Ontario and the Federal Government respectively. From England came donations of money, clothes and materials: a grant of \$75,000 was made by the United Kingdom Treasury, and a Mansion House fund, opened by the Lord Mayor of London, realised \$100,000.

82. Two years later the Island, while still bravely struggling to recover from this disaster, was overwhelmed by a financial crisis. Newfoundland's banking institutions, the Commercial Bank and the Union Bank, had for a number of years enjoyed the highest reputation, but on 10th December, 1894, the Commercial Bank was compelled through reckless banking to close its doors and suspend payment. This led to a run on the Union Bank and finally on the Government Savings Bank, both of which were driven to refuse payment to depositors. As there was little specie in circulation and the notes of the Banks became valueless, business was brought to a standstill, and workmen were dismissed wholesale. Bread riots arising out of the prevailing distress took place at St. John's. Crowds first surrounded the House of Assembly demanding "food or work." On returning, they attacked a store and pillaged its contents. Sailors and marines were landed to protect public property and buildings.\* "For several days," says Prowse, "we were the most distracted country in the world. A community without a currency; the notes of the banks had been the universal money of the Colony--circulating as freely as gold on Saturday, on Monday degraded to worthless paper."†

83. This misfortune was to exercise such a far-reaching effect on the Island's political economy, and on the habits of the people, that it is worth while to refer here to the causes from which it sprang. These are stated in a telegram to "The Times" of the 14th December, 1894:--

"The immediate cause of the financial crisis which has overwhelmed Newfoundland was the death of Mr. Hall, a partner in the firm of Messrs. Prowse, Hall & Morris, the London agents of the firms exporting fish to European markets. On his death the firm declined to meet further exchanges until an investigation of their affairs had been made. Their bills were protested, and the banks made demands on the Commercial Bank of St. John's, which was the drawer of the bills, and which, being unable to meet the demands made upon it, fell back upon its mercantile customers. These could not respond, and the bank had to suspend operations. The customers were compelled to make assignments, and nearly every business house in the colony was crippled, so interwoven are the affairs of one establishment with those

of another.

"The situation was only possible under the peculiar business customs of the colony. The fishing industry here is pursued under a system of advances for vessels and equipments made by the merchants to the fishermen, who gave the catch at the end of the season in exchange. The merchants receive large advances from the only two banks doing business here, the Union Bank of Newfoundland and the Commercial Bank. By backing each other's bills the banks are enabled to carry on operations, and then at the close of the year, when the produce of the fisheries is realised, they are able to settle their overdrafts.

"The disaster happened at a most unfortunate time. If it had been postponed for another month, the merchants would have realised on most of the fish, and the assets would have been far more valuable. At present 2,000,000 dollars' worth of fishery products are stored in St. John's awaiting the means of shipment. Until financial aid from the outside world is obtained, it is impossible to place the fish on the market."‡

84. The crisis assumed an even more serious aspect in that arrangements had been made with the Union Bank to provide the half-yearly interest (about \$225,000) on the Public Debt (\$11,000,000) which was payable in London on the 1st January. The Government of the day, of which Mr. A.F. Goodridge was Prime Minister, telegraphed to the Imperial authorities for assistance in raising an immediate loan of \$1,000,000 and added a request that a warship might be despatched to the Colony as a safeguard against possible disturbances. The message concluded by expressing the view that it absolutely essential that a Royal Commission should be appointed to enquire into the whole political and commercial position of the Colony.§ Correspondence was proceeding with the Imperial Government when Mr. Goodridge resigned. His successor, Mr. D.J. Greene, at once enquired whether, if the Newfoundland Legislature acquiesced in the appointment of a Commission of Inquiry, financial assistance would be immediately forthcoming. He also asked for assurances as to the scope of the Commission and for information as to the terms on which assistance would be given. To this a reply was received that while Her Majesty's Government would be prepared, if requested to do so, to appoint a Royal Commission to enquire into the condition of the Colony and the causes which had led to it, they could not pledge themselves beforehand as to the course which they might take on receipt of the Commission's report.° In the meantime conditions in the Island were so desperate that the Imperial Government made an immediate grant for relief purposes, and despatched a special Commissioner, Sir Herbert Murray, to administer it.

85. On the 31st January, 1895, Mr. Greene resigned and was succeeded by Sir William Whiteway. An attempt was now made to substitute for the earlier proposals a request that the Imperial Government should guarantee the interest on a new loan to be raised by the Newfoundland Government.± When this was refused, thoughts were turned towards Canada. Some eight years earlier Sir Charles Tupper, who was always a sincere and devoted advocate of Confederation, had proceeded to St. John's and discussed the question with the leaders of both parties in Newfoundland but the terms proposed were not acceptable.‡ On the 27th February, the Governor, Sir Terence O'Brien, sent a message to the Governor-General of Canada suggesting the re-opening of negotiations for the union of the two countries. This suggestion met with ready

acceptance and on the 17th March, Mr. (afterwards Sir) Robert Bond, Mr. (later Sir Edward, now Lord) Morris, Mr. (afterwards Sir) George Emerson and Mr. (now Sir) William Horwood (the present Chief Justice) were appointed to represent Newfoundland. The Canadian Delegates were Sir Mackenzie Bowell, Sir Adolphe Caron, Mr. (later Sir) George Foster and Mr. John Haggart. On the 4th April the two delegations met in Conference at Ottawa. Discussions lasted until the 16th April when they were finally abandoned.

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\* Annual Register, 1895.

† Prowse, op. cit., p. 566.

‡ vide Birkenhead, op. cit., pp. 136-137, also Evening Telegram, St. John's, Dec., 24, 26, 28, 1894.

§ United Kingdom Parliamentary Papers, H.C. 104 of 1895, No. 1.

° Ibid., No. 13.

± Ibid., Nos. 16 and 21-23; Journal of House of Assembly, Newfoundland, 1894-95, p. 126.

‡ Cambridge History of the British Empire, vol. vi, p. 477.

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86. A letter from Sir Mackenzie Bowell to the Governor-General of Canada, submitting an account of the proceedings, is reproduced with its enclosure in Appendix E. The total debt of Newfoundland, both funded and floating, was computed at the time at \$15,829,834, as compared with Canada's net public Federal debt of \$250,000,000.\* The population of Canada was 5,000,000; her *per capita* debt was therefore \$50. Applying this basis to Newfoundland, whose population was 207,000, the corresponding indebtedness of the Colony would have been \$10,350,000. The terms offered by the Canadian representatives allowed for the assumption by Canada of this amount of Newfoundland's debt, leaving a balance of \$5,479,834, the interest on which the Island would have had to provide from its own resources. The terms also provided that Canada would assume various public services, including the revenue-producing services, in the Island; the remainder, including the railway, would be maintained and operated by the Newfoundland Government with the assistance of a subsidy from Canada. It was shown that the Newfoundland Delegates that the subsidy offered was such that the Newfoundland Government, deprived as it would be of its ordinary sources of revenue, would be compelled to raise no less than \$700,000 per annum by additional (direct) taxation if the Island was to pay its way. This they maintained was an impossibility; they therefore argued, as the only equitable basis, that the Canadian Government should assume the whole of the public debt and should undertake to operate the railway and telegraph services. The Canadian Delegates, for their part, felt unable to add to their original offer in regard to the public debt, but they indicated that if the Imperial Government would consent to assume the balance of the debt (\$5,479,834) they would be prepared to consider the raising of the subsidy. Negotiations were then entered into with the Imperial Government, but these proved abortive and the matter dropped.†

87. It is a matter for surprise that, at this tragic period in the Island's history, when she was to all intents and purposes "down and out," these negotiations should have been permitted to end in a manner which suggested that her neighbour was indifferent to her fate. Sir Charles Tupper, it is true, raised a voice of protest, but he stood almost alone, though the failure of the Conference came later to be generally regretted in Canada. In the meantime the opportunity of reaching a settlement which would have been to the interests of all parties, had been let slip by lack of statesmanship.

88. Newfoundland was now in a position of serious difficulty. The half-yearly interest on the public debt was payable on the 1st July, and it was commonly supposed that the credit of the Island had been so injured by the failure of the banks that it would be impossible to borrow money on any terms whatever. When, on the 11th May, the final decision of the Canadian Government was received, Mr. Bond, the Colonial Secretary, offered, as a forlorn hope, to undertake a personal mission to Montreal and New York with a view to enlisting the interest of financial houses in the raising of a loan of \$2,500,000. Scarcely

had Mr. Bond arrived in Montreal when there was a run on the Newfoundland Government Savings Bank. The Bank of Montreal and the Bank of Nova Scotia, now established in the Colony, declined assistance, and a further disaster seemed inevitable when Mr. Bond succeeded, by pledging his own personal credit to the extent of \$100,000 in addition to Newfoundland Government securities, in obtaining a temporary loan of \$150,000 from a firm of brokers in Montreal. Finding, however, that it was impossible to raise the larger loan in Canada, Mr. Bond proceeded to New York where he also failed. Finally, he went to England where he arrived on the 15th June. Here his efforts were successful; a long-term loan of \$2,775,000 at 4 per cent. was placed on the London market and was over-subscribed. By this time the Savings Bank was again in difficulties, but Mr. Bond was able, by negotiating in London a temporary loan of \$850,000 at 3½ per cent., to make its position secure. Thanks to the courage and determination of the Colonial Secretary, Mr. Bond, and to the response accorded to his appeals in London, Newfoundland was thus saved from the imminent peril of financial collapse.

89. One effect of the bank crisis was to expose the weakness of the credit system on which the fishing industry, the main resource of the country, was conducted. Reference was made to this system in the telegram to "The Times" of 14th December, 1894, quoted above. Most thoughtful observers agreed in regarding the gradual suppression of the credit or barter system, and the reorganisation of the fishing industry on a cash basis, as essential to the future welfare of the Colony. Thus Prowse:--

"One change was inevitable: the dishonest credit system on which the business of the Colony was transacted had to die out; demoralising to the people and disastrous to the merchant, there could be no genuine prosperity whilst this old truck system existed; recent events have effectually banished it, we may hope, for ever. Terrible misery will be caused before the change can be effectually carried out, but in the end it will be beneficial."‡

And again:

"All students of history must see that the decease of Mr. Hall was only the proverbial last straw that breaks the camel's back. The true origin and cause of this terrific financial wreck lay much deeper and further back. It was unsound banking and unsound trade that injured Newfoundland on this fatal 'Black Monday'. We know now that for several years past the Newfoundland fish trade has been conducted, with some exceptions, wholly on credit. A business whose sole basis rests on such a frail foundation is liable to sudden overthrow."§

Mr. Neilsen, Superintendent of Fisheries, in a striking passage in his Report for the year 1894, similarly declares:--

"This (i.e., the credit and supplying) system has affected not alone the moral character of a good many of our people, but also the cure of a great deal of our fish and transactions of business: has been the means of excluding such improvements in the products of our fisheries and the trade as should have taken place long ago, in order to enable us to compete fully with other nations producing the same article and not be outdone by them in the foreign markets .... The

system has become a take what you can get and get what you can system, with no sound principle at the bottom for the welfare of that industry in the future on the part of those who catch, cure or handle our fish."<sup>o</sup>

Writing at a later date Sir Wilfred Grenfell comments on--

"The ubiquitous barter system which always left the poor man the worst end of the bargain, [and] is as subtle a danger as can face a community--subtle because it impoverishes and enslaves the victims, and then makes them love their chains."<sup>±</sup>

The evils arising from the credit system will be discussed in a later chapter. It remains to record here that the hopes expressed by contemporary writers have not been realised; the system with all its failings is still the central feature of the Island's commercial structure.

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\* The actual debt of the Island was \$11,247,534. The Government of Newfoundland was under obligation to pay in respect of a portion of the railway an annual subsidy of \$45,000 for 22 years, which capitalised at 4% amounted to \$650,300. The amount required to complete the railway under contract (see paragraph 96) was \$3,932,000. The debt and obligations thus amounted to \$15,829,334. Had confederation taken place on this basis, the railway on completion would presumably have become the property of the Federal Government. Journal of House of Assembly, Newfoundland, 1894-95, App. pp. 369-425.

† Journal of House of Assembly, Newfoundland, 1894-95, p. 126.

‡ Prowse, op. cit., pp. 536-7.

§ Ibid., p. 539.

° Annual Report of the Newfoundland Department of Fisheries for the year 1894, reprinted 1930, pp. 46-47.

± Sir Wilfred Grenfell, "The Story of a Labrador Doctor", 10th edition, London, 1932, p. 96.



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90. The failure of the Banks left the Colony for the time being not merely without banking facilities but without negotiable currency. Seven of the largest mercantile houses in the Island, some of which had been established for upwards of a century, were involved in the general ruin. Business was paralysed; the most fantastic rumours were current; every man was the object of distrust and suspicion to his neighbour; misery and distress were widespread. These chaotic conditions were happily relieved by the entry into the colony of Canadian Banks.\* One of Your Majesty's Commissioners, Sir William Stavert, had the privilege of establishing the first Canadian Bank, the Bank of Nova Scotia, in the Island. A branch of the Bank of Montreal was shortly afterwards opened in St. John's and a branch of the Merchants' Bank of Halifax (now the Royal Bank of Canada) was also established. Later, the Canadian Bank of Commerce commenced business in the Island. Since 1895, the banking business of Newfoundland has been in the hands of these institutions and the currency of the Island has been the Canadian dollar, in the place of a local currency.

91. The distrust engendered in the confused conditions of this period has never been wholly dispelled. The effect on the morale of the people, unlettered and educated alike, was deep and permanent. Newfoundland has enjoyed her years of prosperity in the present century but never have those with capital large or small shown any marked desire to invest it within the confines of their own country. Indeed, it has been computed that not even as much as 5 per cent. of the bonds comprising the public debt are held in Newfoundland. This aversion from local investment is shared by the fishermen, who prefers to hoard his savings, whether by hiding them in his house or by leaving them on deposit in the Banks. Once deposited in a Bank, they are considered as sacred, and it is said that the majority of fishermen would prefer not merely to be continually in debt to the merchants but even to go on the dole rather than draw on such reserves. The deposits in the four Canadian Banks now stand at the substantial figure of \$26,000,000, the greater part of which may be represented as savings; yet in the country generally there is widespread poverty and, up to the commencement of the fishing season of 1933, no less than 25 per cent. of the population were in receipt of Government relief.

92. The year 1895, thus opened amidst general gloom and despondency. With so many firms in liquidation, it was reported that no vessels would be sent to the seal fishery, which opens in March. When the time came, however, outfits were made as usual; the fishery was very successful and a wave of renewed optimism spread through the Island. Difficulties in the way of outfitting for the cod fishery were largely dispelled by the action of the Government of the United Kingdom, already recorded, in making a substantial grant for relief purposes. But for this timely assistance, which enabled advances to be made for the purchase of salt, food, and fishing gear and for the hire of schooners, hundreds of deserving fishermen would have been unable to proceed to the fishery. On the successful issue of the fishery, these advances were in almost every instance repaid. Money

was also advanced for the purchase of seed potatoes, and useful public works were undertaken as a means of relieving those who were not able to participate in the fishery. By the end of 1895, it could be declared that the crisis was over and that Newfoundland was set once more on the tide of rising fortune.

### **The Period from 1895 to Present Day.**

93. The years from 1895 to 1914 may be said to have been a period of abundant promise, marred, in its initial stages, by a lack of statesmanship which came near to mortgaging the future of the Island and, in its final stages, by a programme of public expenditure which, however well intentioned, was economically unsound. In the anxiety to stimulate the development of the Island, the ultimate cost was not counted; and, though from the full consequences of the first false steps the country was rescued by the wisdom and determination of Sir Robert Bond, in the closing years of the period may be detected the first signs of that extravagant and indeed reckless optimism which was to be so marked a feature of the policy of succeeding Governments and is so largely responsible for the present predicament of the Island. It should not be forgotten, however, that already by 1895 there were disturbing signs that loose ideas of the guardianship of public funds were taking root both in political circles and in the Civil Service.

94. By 1890, the disadvantages resulting from dependence on a single industry, viz., the fishery, had become increasingly manifest, and it was an accepted commonplace that only by a widening of the activities of the people could economic security be achieved. We have seen now the programme of railway construction, which was launched in 1880 with this object in view, was held up by the failure of the contractors. But the demand for a railway which would open up the country became ever more clamant, and in 1890 it was decided to resume the construction of the line northwards to Hall's Bay (starting at what is now Placentia Junction) as a first step towards the building of a transinsular railway. The contract for the new line, with a branch line to Brigus or Clarke's Beach in Conception Bay, was given to Messrs. Reid & Middleton, and work was begun in October, 1890. This contract was the first of a series of contracts with which Mr. (later Sir) Robert Reid was associated. Mr. Reid, a Scotsman who had made a reputation for railway construction in the United States and Canada, was during the next ten years to play a prominent part in the affairs of the Island.

95. Shortly after the conclusion of this contract, a new survey was made for the proposed transinsular line, as a result of which it was decided to abandon the route previously contemplated. The route now selected traversed the well-timbered valleys of the Exploits and Humber Rivers, which were looked upon as the most fertile territory in the Island, and emerged at Bay of Islands on the west coast; thence it bent southwards to St. George's Bay, passed through the Codroy Valley and terminated at Port-aux-Basques, an excellent harbour only 93 miles distant from North Sydney, Cape Breton, and free from ice throughout the year. There can be no doubt that, of the alternative routes open to the Newfoundland Government, this route was the most promising for the purpose in view, and it is in fact the route which the railway follows to-day.

#### **Port aux Basques, looking East, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies



Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (64 kb)

96. The change of route resulted in 1893 in the conclusion of a new contract with Mr. Reid, who had continued to carry on the work after his partnership with Mr. Middleton had been dissolved in 1892. By this time the line had been constructed almost as far as the Exploits River. Under the new contract Mr. Reid undertook to complete the whole line to Port-aux-Basques within three years, receiving from the Government the sum of \$15,600 per mile in Newfoundland bonds, the same rate as that provided in the 1890 contract. It was estimated that the line from Placentia Junction to Port-aux-Basques by the new route would be some 500 miles in length;† on this basis the sum payable to the contractor would have been \$7,800,000. The contract of 1893 further provided that Mr. Reid should maintain and work the line at his own expense for a period of ten years from the 1st September, 1893; he was also to construct a system of telegraphs. In return he was to be granted in fee simple 5,000 acres of land for each mile of main line or branch railway operated. It was provided that the land so granted was to be situated on each side of the railway in alternate sections of one or two miles in length and eight miles in depth, the Government also retaining an equal amount of land with the contractor along the route. For the operation of the new line, with the Branch to Placentia, the land to be granted to the contractor amounted to over 2,500,000 acres. This was the first grant of land to the contractor.‡

97. Such was the position when the Island was overtaken by the financial crisis of 1894-95, a crisis which drove home with cruel severity the lesson that without variety of pursuits the Island could never be secure from periodical visitations of distress. Yet the Government, in its anxiety to develop the country, was crippled by lack of capital and credit. It was in this dilemma that the Government decided to conclude yet another contract with Mr. Reid as the only means by which the development of the Island could be stimulated. The general election of 1897 placed Sir James Winter in power, and on the 3rd March, 1898, a contract was signed by Mr. Reid which virtually disposed of all the Island's means of communication. This contract, which was the subject of much hostile criticism, must be referred to in some detail, not only because of its immense importance to the future of the Island, but because it shows to what desperate lengths the Government was driven in the endeavour to achieve economic stability.

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\* See "Evening Telegram", St. John's, Dec. 13, 1894, et seq.

† The actual length of the line from Placentia Junction to Port-aux-Basques, constructed under the 1890 and 1893 contracts, was 483 1/18 miles and the actual payments made to the contractor for the construction of the line amounted to \$7,544,000. The length of the railway from St. John's to Port-aux-Basques is 547 miles.

‡ There were at this time three Railways: (1) from St. John's to Harbour Grace, via Whitbourne, known as the "Newfoundland Railway"; (2) the line from Placentia Junction to Bishop's Falls on the Exploits River, known as the "Northern Railway"; (3) the line from Bishop's Falls to Port-aux-Basques, known as the "Western Railway." Under the 1893 contract, lines (2) and (3) were to be operated by Mr. Reid, together with the line from Whitbourne to Placentia. Line (1) was still the subject of legal proceedings following the failure of the original contractors (see paragraph 74) and was eventually acquired by the Government in 1896. The branch line to Brigus and Clark's Beach was still under construction and provision was not made for its operation until the acquisition of line (1) by the Government, steps were taken to extend it to Carbonear.

*Image description updated May, 2004.*

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## CHAPTER III.--HISTORY OF NEWFOUNDLAND SINCE THE GRANT OF RESPONSIBLE GOVERNMENT.

### The Period from 1895 to Present Day. (continued)

98. The contract provided in brief\*:-

(1) That the contractor should operate and maintain the entire railway system of the Island, approximately 613½ miles, for a period of fifty years from the 1st April, 1898, for a land grant, additional to that granted under the 1893 contract, of 5,000 acres per mile of track. In addition to this grant, the contractor was to receive a grant of 2,500 acres per mile for the operation of that portion of the old Newfoundland Railway from Whitbourne to Tilton, roughly 21¾ miles. The total land grant under the 1893 and 1898 contracts was thus 5,684,525 acres, subject to reduction as indicated below.

(2) For the purchase by the contractor, at the end of the period of fifty years, of the reversion of the ownership of the whole system in consideration of (a) the reassignment to the Government, from the lands granted to him, of 2,500 acres per mile of railway operated except the Whitbourne-Tilton section, in respect of which 1,250 acres per mile was to be reassigned; (b) a sum of \$1,000,000 to be paid by the Contractor to the Government within one year of the execution of the contract. Under these provisions lands amounting to 1,564,687 acres were reassigned to the Government by the Contractor, who was left with a net grant, under the 1893 and 1896 contracts, of approximately 4,120,000 acres.

(3) That the contractor should re-ballast the railway at his own expense and should receive from the Government an annual subsidy of \$42,000 for the carrying of the mails.

(4) That, in addition to these general concessions, the areas of land near Grand Lake, on which coal had been discovered, should be transferred to Mr. Reid, on condition that he should so work the coal mines as to produce not less than 50,000 tons of coal per annum.

(5) That for a period of 30 years the contractor should provide and operate eight steamers for various services, one in each of the large bays, one to ply to Labrador in the summer, receiving therefor subsidies from the Government on an agreed scale, amounting approximately to \$100,000 per annum.

(6) That the contractor should purchase from the Government the St. John's Dry Dock for the sum of \$325,000.

(7) That the contractor should assume responsibility for the telegraph lines until 1904, in return for an annual subsidy of \$10,000, and after 1904, until the period of 50 years was completed, should maintain them free of charge to the Colony. The contractor also undertook to construct certain new lines at his own expense and, at the option of the Government, to purchase the whole telegraph system for the sum of \$125,000.

(8) That the contractor should provide an electric street railway in St.

John's and should pave a portion of the city; and that he should relay the railway to Whitbourne (57 miles), build a branch railway of 7 miles, and erect a new railway station to the westward of St. John's. For these works he was to be paid \$450,000.

(9) That the contractor should not assign or sub-let the contract without the permission of the Government; that the railway should remain as security for the due performance of the contract; and that if the contractor failed in his undertaking his reversionary rights would be forfeit.

**Northwest River, Labrador, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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99. To enable the Government to enter into this remarkable covenant, an authorising Bill was introduced into the House of Assembly. The Bill at once became the subject of acute controversy and the Governor, Sir Herbert Murray, appealed for guidance to the Imperial Government. In a telegram dated the 2nd March, 1898, Mr. Joseph Chamberlain, the Secretary of State for the Colonies, drew attention to the objections inherent in such proposals and pointed out that-

"the future of the Colony will be placed entirely in the hands of the contractor by the railway contract, which appears highly improvident. As there seems no penalty provided for failure to operate the railways, the contract is essentially the sale of a million and a-quarter acres for one million dollars."†

100. Meanwhile, many petitions against the proposed agreement were addressed to the Secretary of State, of which the most noteworthy was that submitted by Sir Robert Bond and Sir William Horwood on behalf of the Opposition in the House of Assembly, setting out 12 grounds of protest against the Government's action.‡ These petitions were dealt with by Mr. Chamberlain in a despatch to the Governor dated the 23rd March, 1898, of which the full text is here reproduced§:--

"In my telegram of the 2nd instant I informed you that if your Ministers, after fully considering the objections urged to the proposed contract with Mr. R.G. Reid for the sale and operation of the Government railways and other purposes, still pressed for your signature to that instrument, you would not be constitutionally justified in refusing to follow their advice, as the responsibility for the measure rested entirely with them.

"2. Whatever the views I may hold as to the propriety of the contract, it is essentially a question of local finance, and as Her Majesty's Government have no responsibility for the finances of self-governing colonies, it would be improper for them to interfere in such a case unless Imperial interests were directly involved.

"On these constitutional grounds I was unable to advise you to withhold your assent to the Bill confirming the contract.

"3. I have now received your despatches ..., giving full information as to the terms of the contract, and the grounds upon which your Government have supported it, as well as the reasons for which it was opposed by the Leader and some members of the Opposition.

"4. I do not propose to enter upon a discussion of the details of the contract, or of the various arguments for and against it, but I cannot refrain from expressing my views as to the serious consequences which may result from this extraordinary measure.

"5. Under this contract and the earlier one of 1893 for the construction of the railway, practically all the Crown Lands of any value become, with full rights to all minerals, the freehold property of a single individual, the whole of the railways are transferred to him, the telegraphs, the postal service, and the local sea communications, as well as the property in the dock at St. John's. Such an abdication by a Government of some of its most important functions is without parallel.

"6. The Colony is divested for ever of any control over or power of influencing its own development, and of any direct interest in or direct benefit from that development. It will not even have the guarantee for efficiency and improvement afforded by competition, which would tend to minimise the danger of leaving such services in the hands of private individuals.

"7. Of the energy and capacity of Mr. Reid, in whose hands the future of the Colony is thus placed, both yourself and your predecessor have always spoken in the highest terms, and his interests in the Colony are already so enormous, that he has every motive to work for and to stimulate its development, but he is already, I believe, advanced in years, and though the contract requires that he shall not assign or sub-let it to any person or corporation without the consent of the Government, the risk of its passing into the hands of persons less capable and possessing less interest in the development of the Colony is by no means remote.

"8. All this has been fully pointed out to your Ministers and the Legislature, and I can only conclude that they have satisfied themselves that the danger and evils resulting from the corruption which, according to the statement of the Receiver-General, has attended the administration of these services by the Government are more serious than any evils that can result from those services being transferred unreservedly to the hands of a private individual or corporation; and that, in fact, they consider that it beyond the means and capacity of the Colony to provide for the honest and efficient maintenance of these services, and that they must therefore be got rid of at whatever cost.

"9. That they have acted thus in what they believe to be the best interests of the Colony I have no reason to doubt, but whether or not it is the case, as they allege, that the intolerable burden of the public debt, and the position in which the Colony was left by the contract of 1893, rendered this sacrifice inevitable, the fact that the Colony, after more than forty years of self-government, should have to resort to such a step is greatly to be regretted.

"10. I have to request that in communicating this despatch to your Ministers you will inform them that it is my wish that it may be published in the 'Gazette'."

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\* United Kingdom Parly. Papers, C. 8867, Nos. 3 and 20.

† United Kingdom Parly. Papers, C. 8867, 1898, No. 8.

‡ Ibid., No. 22.

§ Ibid., No. 26.

*Image description updated May, 2004.*

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### **CHAPTER III.--HISTORY OF NEWFOUNDLAND SINCE THE GRANT OF RESPONSIBLE GOVERNMENT.**

#### **The Period from 1895 to Present Day.** (continued)

101. The refusal of the Imperial Government to intervene by no means settled the controversy. The Bill became law, but the agitation did not subside and Sir James Winter's Government was defeated in the House of Assembly early in 1900. A Liberal Ministry, under Mr. (later Sir Robert) Bond, who had been a consistent opponent of the Reid contract, then assumed office. A short time before, Mr. Reid had applied to the Government of Sir James Winter for permission to assign his rights over the railway to a limited liability company, with an authorised capital of \$25,000,000. No answer had been received before the Government fell. The new Government under Mr. Bond saw in this application an opportunity to effect a modification of the contract. Having first strengthened his position in the House of Assembly by forming a Coalition with Mr. (now Lord) Morris, the leader of another group of Liberals, Mr. Bond informed Mr. Reid that the permission which he requested would be granted on the following conditions:--

- (1) The additional areas of land granted under the 1898 contract should revert to the Colony.
- (2) A guarantee should be furnished that a specified proportion of the sums to be raised by the new Company would be spent in the Island.
- (3) The telegraphs should be restored to the ownership of the Government.
- (4) Mr. Reid should agree to resign his proprietary rights in the railway.

102. To the last two conditions Mr. Reid was not prepared to assent, and the General Election which took place in the autumn of 1900 was fought upon this issue. The result of the Election was a sweeping victory for Mr. Bond, who was thereby confirmed in Office.

103. Following the election an agreement was reached with Mr. Reid which provided for the incorporation of the Reid Newfoundland Company. Under the terms of this agreement, in consideration of the surrender by Mr. Reid of the right to own the railway at the end of 1938, the sum of \$1,000,000 paid by him for his right under the 1898 contract was to be returned to him with interest at the rate of 6 per cent. as from the date of payment; and \$850,000 was awarded to him in return for the cancellation and reconveyance to the Government of the grants of land made to him under the 1893 contract. His claims in respect of rolling stock and equipment, and those arising from the surrender of the telegraphs, were submitted to arbitration, as a result of which he was awarded sums of \$894,000 and \$1,570,555 respectively. The Reid Newfoundland Company, by agreement with Mr. Reid and the approval of the Government, came into possession of over 2½ million acres of land, with timber, mineral and other rights thereon, and took over all existing contracts for working the railway, mail and steamer services of the Island, including the St. John's Dry Dock and

the tramway and electric lighting services in the capital. The new company was inaugurated in 1901, and the terms provided in the 1898 contract for the maintenance and operation of the railway was extended to 50 years from the 1st August, 1901.



**Grand Bay, looking North (showing Railway), n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (56 kb)

104. It will be seen from the foregoing survey of these momentous transactions that the alterations effected in the 1898 contract, for the sole purpose of enabling the Island to re-acquire rights which need never have been parted with, cost the country some \$2,500,000. As an offset against this expenditure, it could now be claimed that the ownership of the Island's principal means of communication had been safeguarded and that the additional land grants granted under the 1898 contract had been withdrawn. The allegation that the country had been subjected to the domination of a single contractor could now be refuted, though the Reid Newfoundland Company remained for some years the biggest paymaster in the Island, bigger even than the Government itself.

105. The years following 1901 were years of progress. Sir Robert Bond was sustained in power by the General Election of 1904, and remained Prime Minister until 1908. He left behind him a reputation of far-sighted devotion to the interests of the Island and is generally regarded as the most statesmanlike figure in the line of Newfoundland Prime Ministers. To-day, a disillusioned people, looking back on the past, single out the years of his Premiership as a period of orthodox finance and sane government when the fortunes of the Island were at their zenith; there was almost unanimous agreement among witnesses that the present period of misfortune might be regarded as having originated with his fall from power in 1908. We have already seen what great services he was able to render the Island, as Colonial Secretary, during the financial crisis of 1895; during his period of office as Prime Minister a notable advance was made both in the domestic and in the international fields.

106. In 1901, arrangements were made for the establishment of a branch of the Royal Naval Reserve at St. John's, and in the following year an Act was passed by the United Kingdom Parliament making the enrolment and maintenance of reserves in Newfoundland an Imperial undertaking. Abundant proof was forthcoming, only a decade later, of the benefits derived from the establishment of this force not merely by the Island but by the Empire as a whole.

107. Great progress was made at this time with the development of the iron-ore mine at Bell Island under the auspices of the Nova Scotia Steel and Coal Company, a Canadian company, which had begun to work the deposits in 1895, and the Dominion Iron and Steel Company, also a Canadian company, which had secured a lease of one of the beds in 1899. The discovery of these deposits, and their subsequent exploitation, was to provide Newfoundland with a new industry of increasing importance, bringing prosperity to Conception Bay and giving employment to hundreds of fishermen in the off season. The activities of the

mine, and the vicissitudes through which it is at present passing, are described in detail in Chapter VII.\*

108. Other, and equally important outlets, were to be provided by the events of 1904 and 1905. In 1904 was signed the Anglo-French Convention† which put an end at long last to the bitter disputes over French fishing rights that had vexed the Colony for nearly two centuries and had effectively prevented the colonisation and development of the West Coast. In return for the abandonment of her rights under the Treaty of Utrecht, 1713, France received territorial compensation in Africa; this took the form of a modification of the boundary line between British and French possessions in the Niger and Lake Chad district and a re-arrangement of the Gambia-Senegambia frontier, giving Yarbutenda to France. The Los Islands opposite Konakry were also ceded to France. The Convention further provided for the payment by the United Kingdom of a pecuniary indemnity, to be determined by an arbitral tribunal, to French citizens engaged in fishing on the "Treaty Shore" who might be obliged in consequence of the changes brought about by the Convention to abandon their establishments. The awards eventually made by the tribunal and paid by the United Kingdom were as follows:--

	\$
General award for French rights .....	255,750
Loss of occupation .....	226,813
Effects left by French on the Treaty coast .....	28,936

An exchange of notes annexed to the Convention provided for the reciprocal appointment of a British Consul at St. Pierre and a French Consul at St. John's.

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\* Paragraphs 435-445.

† United Kingdom Parly. Papers, C. 8867, 1898, No. 8.

*Image description updated May, 2004.*

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#### **The Period from 1895 to Present Day.** (continued)

109. In 1905 was constituted the Anglo-Newfoundland Development Company, originated by Lord Northcliffe in pursuance of his policy of making his newspapers independent of foreign supplies. A large tract of land was obtained by the Company in the interior of the Island, and a paper mill was built at Grand Falls on the Exploits River, 41 miles from the mouth. A town was laid out, a railway constructed to the port of Botwood, and employment provided for hundreds of men both in the mill and in the woods. Newfoundland thus gained a new importance, as a centre of newsprint enterprise. The establishment of the mill at Grand Falls was followed in 1907 by the initiation of a wood-pulp enterprise at Bishop's Falls by Albert E. Reed and Co., Ltd., of London, which then operated eight paper mills in the South of England.\* Some sixteen years later, a second great newsprint undertaking was inaugurated, a mill, now operated by the International Power and Pulp Company of Newfoundland, Limited, being established at Corner Brook on the west coast in 1923. In this case also a new town was laid out and fresh avenues of employment were provided for the people. We make detailed reference to these undertakings in Chapter VII.†

110. With the establishment of the mill at Grand Falls, the development of the iron-ore mine at Bell Island, the competition of the railway, and the opening up of the west coast to settlement, it was felt that the Island had gone far towards freeing itself from complete dependence on the fishery. The years 1906-08 were largely occupied by disputes regarding United States fishery claims: these were finally submitted to arbitration and on 7th September, 1910, the award was given, largely in favour of Newfoundland. Thus by 1911, fishery disputes both with France and the United States had passed into history and the Island was left free to concentrate on schemes of internal development.

111. At the general election of 1904 a curious situation arose. Sir Robert Bond was still working with Mr. (who now became Sir Edward) Morris, with whom he had formed a Liberal Coalition in 1900. In 1902 the Government had suffered a severe defeat in a by-election and the tide was thought to be turning against the Ministry when a number of factions developed in the ranks of the Opposition. At the general election of 1904 these factions joined forces against the Government but were forced to take the field under five leaders. This evidence of internal disunion was too strong for them. Only one of the leaders was returned and the Bond Ministry enjoyed a notable triumph. Three years later, however, Sir Edward Morris, then Minister of Justice, resigned owing to a disagreement with the Prime Minister and became Leader of the Opposition. His supporters increased and at the election of 1908, the result was a tie, the new House of Assembly consisting of 18 supporters of the Government and 18 members of the Opposition. In this predicament Sir Robert Bond requested the Governor, Sir William MacGregor, to dissolve the Legislature without giving it an opportunity to meet. The Governor refused to do so; Sir Robert Bond resigned with the members of his Cabinet; and Sir Edward Morris was called upon to form a Government. At the meeting of the

House of Assembly, proceedings were frustrated by the Bond party and it was not even possible to elect a Speaker. The Governor then attempted to form a Coalition Government but, failing to do so, granted a dissolution. At the ensuing general election in May, 1909, Sir Edward Morris and his followers were returned with a large majority.

112. The new Ministry, under Sir Edward Morris, embarked at once on a progressive policy designed to appeal to the electorate. Taxation affecting the fishermen was reduced; educational grants were increased; old age pensions were instituted. Most important of all, an ambitious programme was initiated for the linking-up of the outports in Trinity and Bonavista Bays by branch railways. The Reid Newfoundland Company was given the contract for the construction and operation of the lines. This contract differed from the previous contracts in that the Company was to be paid, for the construction of each mile of line, \$15,000 in cash instead of \$15,600 payable in bonds, while the land grants for operation were at the rate of 4,000 instead of 5,000 acres a mile. (Eventually, in 1918, a sum of \$316,960 was paid to the Company in lieu of the lands thus granted.) In the next few years railways were built from Whitbourne to Heart's Content; from Shoal Harbour to Bonavista, via Trinity and Port Union; and from St. John's to Trepassey. The line to Harbour Grace was extended to Bay de Verde. Work was also begun on branch lines to Fortune Bay on the south and Bonne Bay on the west coast; this was later abandoned. The total cost of constructing these branch railways is estimated at some \$7,000,000, now forming part of the public debt; the cost of maintenance, exclusive of depreciation, at \$160,000 per annum. These railways have never paid even working expenses and the losses incurred in their operation have proved a severe drain on the resources of the Island. Their construction, as will be seen later, has had serious effects on the life and habits of the people; men were lured away from the fishery in the hope of regular and less arduous employment, while the coastal carrying trade, formerly done by schooners, was paralysed. To-day, when the branch railways are seen to be costly luxuries and are being, in part at least, closed down, schooners have been reduced to a mere fraction of their former numbers.

#### **Shoal Harbour (Trinity Bay), n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (42 kb)



113. It was thus in a new atmosphere of activity that the pre-war period was brought to a close. On the outbreak of the War, Newfoundland, like the rest of the Empire, lost no time in making her contribution to the common cause. In September, 1914, a special session of the Legislature was held. Measures were passed providing for the raising, as a separate Newfoundland Regiment, of a volunteer force of 1,000 men, and for increasing the number of the Naval Reserve from 600 to 1,000 men. The existing cadet corps formed the nucleus of a regiment, and on the 12th October the first consignment of 500 men, known as the "Blue Puttees," arrived in England.‡ A powerful wireless telegraph station was erected by the Admiralty at Mount Pearl, 7 miles from St. John's, and the great value of the Naval Reserve was abundantly demonstrated. By the end of 1915, a military contingent of 2,200 men had been raised, and the Naval Reserve had been increased to 1,200.

114. The achievements of the Newfoundland Regiment and of those Newfoundlanders who saw service with the Fleet have left a mark of which the Island may well be proud. It is recorded that:--

"The seamen of Newfoundland had long been known in the Navy as efficient and resourceful, but the end of the War left them with a greatly enhanced reputation. They readily undertook almost impossible boarding operations in wild seas which others would not face. Nothing but praise was accorded by the Fleet. Further, the men of the Newfoundland Regiment, when once the serjeant-major realised the way to handle them, rapidly showed their adaptability, and ultimately developed a battle discipline equal to that of the old British troops. Newfoundland had preserved in its old west country stock those idiosyncrasies which gave the territorial regiments their dogged resistance. At Gallipoli they did well, but the test came to them at the action of Beaumont-Hamel on 1st July, 1916, when the regiment was set to take the village in face of a murderous fire; they went into action 753 strong, only 68 answered the roll call next day. A few weeks later they were again put to a supreme test against heavy odds at Gueudecourt. There out of strength of 383 they had 294 casualties, but carried out their task without flinching, and earned themselves a lasting name in British military records. On the field of Beaumont-Hamel now stands their memorial in France. It was a proper compliment to them that on the occupation of the German bridge heads they were given a special place, and marched into Cologne on 7th December, 1918, under the command of their own Major Bernard. The total number of men enlisted or enrolled in the Newfoundland Regiment and Forestry Corps during the years 1914-1918 was 6,859. Of these 5,482 went overseas; 1,300 were killed, and 2,314 wounded-- a proportion which greatly exceeded that of any other contingent. The regiment thoroughly deserved their appellation of Royal granted in January, 1918."§

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\* This enterprise was acquired by the Anglo-Newfoundland Development Company in 1923.

† Paragraphs 387-423.

‡ Cambridge History of the British Empire, vol. vi, p. 682.

§ Cambridge History of the British Empire, vol. vi, p. 682-3.

*Image description updated May, 2004.*

## CHAPTER III.--HISTORY OF NEWFOUNDLAND SINCE THE GRANT OF RESPONSIBLE GOVERNMENT.

### The Period from 1895 to Present Day. (continued)

115. The following decorations were won by the Regiment:--

One V.C., 2 C.M.G., 4 D.S.O., 28 M.C., 6 Bars to M.C., 32 D.C.M., 1 Bar to D.C.M., 105 M.M., 8 Bars to M.M., 1 O.B.E., 22 Mentions in Despatches, 21 Allied Decorations, 3 other medals; Total 234.

In the Royal Naval Reserve, 167 men were killed in action and 124 invalided out of the Service.

116. If any further proof were required of the determination of Newfoundland to make the greatest possible contribution to the Imperial Forces, it is to be found in the passage in 1918 of an Act to enforce compulsory service. For this measure Mr. (later Sir William) Lloyd, who had succeeded Sir Edward Morris as Prime Minister, was responsible. Sir William Lloyd eventually represented Newfoundland at the Peace Conference in Paris.

117. From the purely financial point of view, Newfoundland may be said to have profited from the War. On the debit side may be set the loans raised to meet the Island's war expenditure: these, exclusive of an advance of some \$2,000,000 made by the United Kingdom, amounted to some \$13,000,000. On the other hand, the price of fish rose to phenomenal heights and fishermen and merchants alike made large profits. The lack of steam tonnage presented no serious difficulty for the locally-built sailing vessel was pressed into service in the carrying trade. A wave of prosperity swept over the country and the standard of living rose throughout the Island. The legacy of this period of easy money will be referred to in the following chapter. It will suffice to observe here that in 1920 the gross public debt of Newfoundland stood at \$43,000,000, inclusive of the loans of \$13,000,000 referred to above. It now stands at a little under \$101,000,000. At the former figure, Newfoundland, by the exercise of strict economy in administration, might still have been able to pay her way in spite of the world depression. With a debt more than double that amount, such a task is an impossibility.

118. The Census of 1921 (see Appendix A) showed that the population of Newfoundland, exclusive of Labrador, had grown to 259,259 as against 238,670 in 1911 and 217,037 in 1901. An increase of 12.9 per cent. was recorded in St. John's, the population rising from 32,292 in 1911 to 36,444 in 1921. The next largest towns were Bonavista and Harbour Grace with populations of 4,052 and 3,825 respectively. Over 65,000 persons were shown as engaged in the catching and curing of fish against 60,000 in 1884 and 67,000 in 1911. Compared with the returns for 1911, those for 1921 showed an increase of 300 in the number of farmers; on the other hand, the number of fishermen-farmers showed a falling off from 40,880 in 1911 to 34,979 in 1921.



**Harbour Grace (Conception Bay), n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (49 kb)

The following extract from the Census Report is of interest:-

"While there are but 3,227 persons who are put down absolutely as farmers, there are over 30,000 fishermen and others who cultivate land, more or less, in addition to their usual occupation. This class is largely made up of the fishermen-farmers, and it is needless to say that those who are assiduous on the land as well as on the sea generally manage to live in comparative comfort. The great bulk of our population is engaged in connection with the fisheries. The figures given in the 1921 Census representing persons engaged in the catching and curing of fish are less than those of 1911, but higher than any Census previous to that date, viz.: 40,511 males and 24,937 females; altogether 65,448 persons. This, of course, does not include members of their families who are dependent upon them, but are not engaged in the catch and cure of fish. The figures have varied in past years, both as regards number and percentage to the whole population. In 1857, 31 per cent. of the total population were engaged in catching and curing fish; in 1868, 25.4 per cent.; 1874, 28.4 per cent.; in 1884, 30.6 per cent.; in 1891, 27.1 per cent.; in 1901, 28.4 per cent. in 1911, 27.6 per cent.; and in 1921, 24.9 per cent. At the present day the opening up of other industries in the Colony, and the enticing fields of labour elsewhere, are additional factors affecting the fisheries and those employed therein."\*

No census has been taken since 1921.

119. In May, 1919, Sir William Lloyd was succeeded as Prime Minister by Sir Michael Cashin, who in turn gave place in November, 1919, to Mr. (later Sir) Richard Squires. The new Government held office until 1923 when Sir Richard Squires was again returned to power. Shortly afterwards, however, Sir Richard Squires resigned and was succeeded by Mr. W.R. Warren, who was defeated at the opening of the Legislature in April, 1924, on a vote of want of confidence. Mr. A.E. Hickman then became Prime Minister until June, 1924, when as a result of a general election he was succeeded by Mr. W.S. Monroe. In the summer of 1928 Mr. Monroe was succeeded by Mr. F.C. Alderdice for a few months before the next election fell due. At this election Sir Richard Squires came back to power, securing 28 out of the 40 seats, and held office until June, 1932. At the general election held in that month the number of seats was reduced, as a measure of economy, from 40 to 27. As a result of the election Mr. Alderdice became Prime Minister for the second time, winning 24 out of the 27 seats.

120. The main events of the post-war period are referred to in the following chapter, in which we review the financial situation of the country from 1920 to the present day. Of outstanding importance to the Island were the opening, at Corner Brook in 1923, of a second Paper Mill, to which reference has already



been made, the development of the lead and zinc deposits at Buchans near Red Indian Lake; and the decision of the Judicial Committee of the Privy Council in 1927 confirming Newfoundland in the sovereignty of Labrador. Unfortunately, the benefits which the Island derived from these favourable turns of the wheel of fortune were almost wholly discounted, as we shall show, by a reckless disregard of the dictates of financial prudence. The 12 years 1920-1932, during none of which was the budget balanced, were characterised by an outflow of public funds on a scale as ruinous as it was unprecedented, fostered by a continuous stream of willing lenders. A new era of industrial expansion, easy money and profitable contact with the rich American Continent was looked for and was deemed in part to have arrived. In the prevailing optimism, the resources of the Exchequer were believed to be limitless. The public debt of the Island, accumulated over a century, was in 12 years more than doubled; its assets dissipated by improvident administration; the people misled into the acceptance of false standards; and the country sunk in waste and extravagance. The onset of the world depression found the Island with no reserves, its primary industry neglected and its credit exhausted. At the first wind of adversity, its elaborate pretensions collapsed like a house of cards. The glowing visions of a new Utopia were dispelled with cruel suddenness by the cold realities of national insolvency, and to-day a disillusioned and bewildered people, deprived in many parts of the country of all hope of earning a livelihood, are haunted by the grim spectres of pauperism and starvation.

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\* Census of Newfoundland and Labrador, 1921, vol. 1, pp. xxi-xxii.



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## CHAPTER IV.--THE FINANCIAL POSITION.

### General Survey.

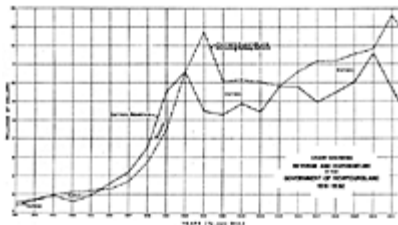
121. The broad facts of the financial position in Newfoundland are unfortunately all too plain. Ever since the War, the country has been living beyond its means, and the budget has not been balanced since 1920. The Island is now in extreme financial difficulties.

122. The financial year begins on the 1st July and ends on the 30th June. The average annual revenue for the 12 years 1920-21 to 1931-32 was \$9,250,000;\* the average annual expenditure for the same period, including losses on the operation of the railway, was \$11,250,000, thus leaving an average annual deficit of \$2,000,000. Since the world depression set in, the annual deficit has been greatly in excess of that figure.

123. The following figures will indicate, more clearly than any words, the seriousness of the present position:--

Average--	<i>Revenue.</i> \$	<i>Expenditure.</i> \$	<i>Deficit.</i> \$
1920-32 .....	9,250,000	11,250,000	2,000,000
1931-32 .....	7,931,047	11,960,386	4,029,339
1932-33 .....	8,085,666	11,339,442	3,253,776
1933-34 (Budget estimate) .....	8,934,338	11,065,889	2,131,551

Reference is also invited to the accompanying chart. As we shall explain later, the figure of average revenue for the years 1920-32 must in itself be regarded as in excess of the normal revenue of the country.



**Chart Showing Revenue and Expenditure of the Government of Newfoundland, 1911-1932.**

Graph by Malby & Sons, Lith. From *Newfoundland Royal Commission 1933 Report* (London: His Majesty's Stationary Office, 1934) 45.

[Larger Version](#) (57 kb)

124. The yearly deficits between 1920-32 were met from the proceeds of dollar loans which were raised partly through the medium of the Bank of Montreal, the bankers of the Government, partly by private negotiation, and partly as a result of invitations to tender. Except in one instance, no provision was made for sinking fund in respect of these loans.

125. The loans so contracted will be examined in detail later. It will suffice to record here that they served the object not merely of enabling the Government of the day to liquidate its annual deficit on current account but also of providing it with funds with which to embark on costly schemes of capital expenditure. Among the projects so financed may be instanced the construction of a dry dock

to replace that built in 1882, the taking over and improvement of the railway, the expansion of the telegraph and telephone services, and the provision of steamers for coastal services. Unfortunately, none of these projects has proved directly remunerative. An ambitious scheme of highroad construction, originally designed to attract tourists to the Island but afterwards diverted from its main purpose, was similarly financed from loan funds and proved a costly experiment; while the expenditure incurred in the construction of numerous public works and buildings throughout the country served merely to increase the mounting national debt. There were also numerous instances where individual items of expenditure, which should properly have been met from revenue, were charged to loan funds. Full particulars of the loans and of the purposes for which they were raised are given in Appendix F, and a list of loans, in order of maturity, is given in Appendix G.

126. As a result of this double process, under which current expenditure invariably exceeded revenue, while at the same time fresh expenditure on capital account was annually undertaken, the public debt of Newfoundland has risen since the War with startling rapidity. It will be seen that a loan was raised in each of the 12 years 1920-21 to 1931-32. At the beginning of that period the gross public debt was \$43,032,785, including two loans of \$12,943,400 raised for war purposes; on the 30th July 1932, it was \$97,638,772. It now stands at a little under \$101,000,000 or almost \$400 per capita for a population of low earning power composed mainly of fishermen on the border-line of subsistence. Payments for interest, including provision for exchange fluctuation, amount approximately to \$5,200,000 per annum or 56 per cent. of the average annual revenue of the country for the 12 years 1920-21 to 1931-32 (\$9,250,000) and 65 per cent. of the revenue for the last two years (\$8,000,000).

127. The situation to-day is that, as a result of the extravagance of the post-war period, a debt has been incurred which is out of all proportion to the country's capacity, and we cannot avoid the conclusion that, given this scale of indebtedness, there is no prospect of the Island being able to pay its way, even under normal trade conditions.

### **The Period from 1920-21 to 1931-32.**

128. As will be seen from paragraph 117, the close of the War found Newfoundland in the enjoyment of a greater measure of prosperity than she had previously experienced. The price of codfish had risen during the War to heights hitherto undreamed of, and fishermen and merchants alike were able to congratulate themselves on the making of large profits. A great improvement had taken place in the standard of living; for the first time in their lives the fishermen had more money than they required for immediate necessities and standards were set up which in later years could not be maintained. It was forgotten that the conditions brought about by the War were transitory and exceptional; men grew accustomed to thinking in large figures and schemes and projects which a few years earlier would have seemed visionary and fantastic were regarded as the natural product of the new era. Government and people alike were the victims of an over-confidence, which, in the years following the War, was to blind them to realities, to induce a fatal disregard of the elementary canons of public finance and finally to involve them ever more deeply in financial embarrassment. Within 12 years the public debt was more than doubled. As a result of a long succession of unbalanced budgets, which in turn necessitated

continuous borrowing, the financial position of the country was clearly unsound even in the seemingly prosperous years of 1929 and 1930; when the economic depression set in and the price of fish started to fall, the Island was faced with bankruptcy.

129. Most of the profits made by the fishermen during the War were immediately dissipated in the purchase of small luxuries and in the many trivial items of expenditure entailed by an all round improvement in the standard of living. But a fair number of fishermen took the opportunity to save a portion of this unexpected windfall. Before the War, the deposits in the Banks stood at \$8,870,000. After the War they were estimated to amount to \$21,000,000. They now stand at \$26,000,000. Of this amount, sums amounting to \$1,260,000 are deposited in the Government Savings Bank. The greater part of these deposits are believed to belong to fishermen; and there are good grounds for thinking that considerable additional sums lie hoarded in fishermen's homes around the coast. The contrast between these figures and the plight of the people generally is striking. Deposits in the Banks stand at an average of nearly \$100 *per capita*. Yet the fishermen are living in conditions of abject poverty, and no less than 70,000 persons, or 25 per cent. of the population, were in receipt of public relief during the winter months of 1932-33. It seems to be the fact that savings, once deposited in the Banks, are considered a sacred inheritance for the next generation which must on no account be touched, and it is popularly supposed that men endeavour to go on the dole, and would, indeed, prefer to starve, rather than draw on such deposits. References are made in Chapters III and V to this peculiar trait in the national character.† The point which we wish to make here is that the deposits in the Banks, which at first sight are of an impressive amount, are in fact sterilised, cannot be regarded as available for local investment and do not in any way reflect the condition of the people. This, as we shall show later, is now desperate.

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\* *Note.*--The currency of the Island is the Canadian dollar, adopted in 1895 on the entry of the Canadian Banks into the Island, and the dollar figures in this and other sections of the Report refer, unless otherwise stated, to Canadian and not to United States dollars.

† See paragraphs 91 and 216.

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## CHAPTER IV.--THE FINANCIAL POSITION.

### The Period from 1920-21 to 1931-32. (continued)

130. The figures of revenue and expenditure in the 12 years 1920-32 are given in the following table which shows also the annual additions to the public debt.

Year.	Revenue. \$	Expenditure.* \$	Deficit. \$	Public Debt. \$
1920-21 .....	8,438,039	12,709,513	4,271,474	43,032,785
1921-22 .....	8,269,680	10,080,909	1,811,229	49,033,035
1922-23 .....	8,876,772	10,145,580	1,268,808	55,033,035
1923-24 .....	8,401,669	10,028,656	1,626,987	60,451,754
1924-25 .....	9,783,188	9,794,694	11,506	60,457,765
1925-26 .....	9,752,551	10,608,964	856,413	67,018,405
1926-27 .....	8,932,435	11,151,083	2,218,648	72,017,932
1927-28 .....	9,466,005	11,185,084	1,719,079	77,017,932
1928-29 .....	10,025,649	11,520,439	1,494,790	79,477,478
1929-30 .....	11,579,214	11,814,805	235,591	87,792,105
1930-31 .....	9,655,640	13,608,541	3,952,901	92,638,772
1931-32 .....	7,931,047	12,299,418	4,368,371	97,638,772
<i>Average--</i>				
1920-21 to				
1931-32 .....	9,250,000	11,250,000	2,000,000	---

131. The main features of this period were, as we have indicated, a recurring budgetary deficit and an annual recourse to fresh borrowing, partly in order to meet the deficit on current account and partly to finance new schemes of capital expenditure. These features were common to each year under discussion. In other respects the period was noteworthy for the slump of 1921-22, the acquisition of the railway in 1923, the establishment under private enterprise of the Paper Mill at Corner Brook in the same year, the adoption of an intensive highroads policy in 1924 and its continuation in subsequent years, the decision of the Privy Council in 1927 confirming Newfoundland in the sovereignty of Labrador, the opening of the lead and zinc mine at Buchans in 1928, the boom years of 1928-29 and 1929-30 and the onset of the depression in 1931-32.

We need not perhaps enter into details of the expenditure in this period apart from noting that it was marked by waste and extravagance on a reckless scale. These are, however, certain aspects of the Government's activities to which we wish to refer.

### ABLE-BODIED RELIEF.

132. Notwithstanding Newfoundland's resources of timber and minerals, the economic structure of the Island is based primarily on the fishery, and in particular on the cod-fishery. Its prosperity is thus largely dependent on the prices obtainable for salt codfish in the principal markets of the world, viz., those of Spain, Portugal, Italy, Greece, Brazil and the West Indies. This dependence on the fishery has always been a source of anxiety to those called upon to administer the country since, although the yield from the fishery has remained

remarkably consistent, it is liable to setbacks from exceptional climatic and other conditions, and the experience of the last hundred years has shown that a bad season has invariably been followed by distress and destitution in many parts of the Island, necessitating large payments for what is known as "able-bodied relief". The need for new outlets which would serve both to widen the activities of the people and to absorb the growing population has long been the dominant consideration in the minds of successive Governments. With the coming of the mechanical age, the salvation of the Island seemed assured; at last, it was thought, it would be possible to open up the interior of the Island which had hitherto lain neglected. With this object a policy of railway construction was started in 1880, but lack of capital held up progress and it was not until 1893 that an intensive campaign of railway development was launched. This policy was continued until 1914. The hopes held out were not, however, fulfilled; the agricultural possibilities of the country had been over-estimated and, while the advent of the railway led in time to development of small farming communities on the southern portion of the west coast, where the most fertile land in the Island is to be found, it was not responsible for any appreciable widening of the activities of the people.

133. After the War a second intensive drive for the development of the country was made, this time by means of highroads. Increasing numbers of tourists and sportsmen had been visiting the Island from the United States, Canada and the United Kingdom and it was felt that if a net-work of first class high-roads could be constructed, which in themselves would be of domestic utility, the Island, with its wonderful scenery and unrivalled salmon and trout fishing, could look forward to becoming a rich tourist centre. This policy, for reasons which need not be entered into here, also failed. In the meantime some millions of dollars had been expended on the construction and improvement of roads which are practically confined to the Avalon Peninsula, do not extend to the parts of the country most likely to attract tourists, and are to-day a costly luxury.



**Flat-Rock [sic] near Pouch Cove, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (40 kb)

134. Hopes had also been held out of industrial development. The Paper Mill at Grand Falls, owned by the Anglo-Newfoundland Development Company, had been established in 1905 and had proved an unmixed blessing to the people. After protracted negotiations, which are referred to in detail in Chapter VII,† a second Paper Mill was established in 1923 at Corner Brook on the West Coast, under the ownership of the Newfoundland Power and Paper Company. With the establishment of this Mill, it was felt that a new era had dawned, There was still room, it was thought, for a third Mill; the initiation of construction work with a view to the opening of the lead and zinc mine at Buchans in the interior encouraged hopes of mineral development on a large scale; and it was thought that the time was to be broad-based on a number of activities instead of primarily on the fishery. When, in 1927, Newfoundland was confirmed by a decision of the Privy Council in the sovereignty of Labrador, which was reputed to contain vast resources of timber, minerals and water-power, it was felt that the old bogey of dependence on the fishery had been expelled for ever.

135. We have entered into these considerations at some length since they serve to explain, in part at least, the actions of successive Governments in incurring an annual deficit on the budget and at the same time raising new loans for capital development. Unfortunately, the failure of these schemes has left the Island in its former position of dependence on the fishery. At the same time a debt has been incurred out of all proportion to the capacity of the country. Moreover, throughout this period the fishery has been neglected by the Government, while hopes of regular employment on the roads and railways and in the forests have lured men away from the fishery and seriously weakened the position of the country's primary industry. The fishery, instead of moving forward, has stood still, while continuous progress has been recorded by Newfoundland's competitors in foreign markets. The advent of the depression has thrown out of employment numbers of men who had left the fishery for other work, but they cannot easily be re-absorbed in the fishery since they have long since disposed of their boats, gear and fishing equipment. They have no alternative, therefore, but to claim public relief. At the same time few of the men engaged in the fishery are now able to make a livelihood from it; since the combined effects of the increased cost of catching fish and the exceptionally low prices received for their catch make it impossible for the average fishermen to do more than balance his accounts with the merchant. For three successive years, 1930, 1931 and 1932, the fishery failed to yield a livelihood to the average fishermen, and large numbers of fishermen have thus been forced on the dole in the off season. In this combination of circumstances no less than one-quarter of the population were in receipt of relief during the winter of 1932-33, \$1,085,000 being expended for this purpose during the financial year.

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\* The figures in this column include the deficit on the management of the Railway.

† See paragraphs 399 *et seq.*

*Image description updated May, 2004.*

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**CHAPTER IV.--THE FINANCIAL POSITION.**

**The Period from 1920-21 to 1931-32.**

ABLE-BODIED RELIEF. (continued)

136. Full returns for the fishing season just closed are not yet available but, taking the Island as a whole, the prospects cannot be regarded as satisfactory. For while there has been an improvement both in the cure and in the price of fish, the virtual failure of the shore-fishery on the east and north-east coasts has left numbers of fishermen without means and in debt to the merchants. It seems probable that in other parts of the country the returns received by the fishermen will show a marked improvement on those of last year. In some, though not in all, localities these may be expected to be such as will enable them to maintain themselves and their families during the winter.

137. We cannot indeed emphasize too strongly that recurring visitations of pauperism necessitating large payments for relief have always been a feature of the Island's economic history and must continue to be so, while the fishery is conducted on its present basis and remains the mainstay of the country. A further point which we wish to make here is that the expenditure incurred in relief during the present depression could hardly have been on a more modest scale. It is estimated that in the much less severe depression of 1921-22 no less than \$2,000,000 was incurred in relief, which partly took the form of the cutting of pit props under Government supervision; while much of the expenditure undertaken in subsequent years for the construction of roads and public works may be regarded as in the nature of relief measures.

138. The expenditure incurred in the payment of "able-bodied relief" during the last three years was as follows:--

	\$
1930- .....	1,000,000
31 .....	1,170,000
1931- .....	1,085,000
32	
1932-	
32	

Payments are made in kind and mostly take the form of rations of tea, flour, pork and molasses. The grant is apportioned on a *per capita* basis, including wives and dependents. Generally speaking, it represents a maximum of \$1.80 per month for each person, but a higher rate is granted in St. John's, where the people have less opportunity of raising vegetables and seeking fish or game. We are satisfied that, if the grant is to be made at all, it could not be made on a lower basis. It will, however, be appreciated how great must be the burden thrown upon a small and impoverished community when nearly 15 per cent. of available revenue is required for payments of this character.

139. It will be realised from the foregoing summary of development in the post-war period that, when the first effects of the world depression began to manifest themselves in 1931, the country was in no condition to resist the tide of adversity. The Government had in fact succeeded in raising a loan of \$5,000,000 in 1930, and that their credit stood high notwithstanding the financial policy of the previous decade is shown by the fact that the money was obtained in the form of a twenty-five year loan at 5 per cent. issued at 99. Indeed, Newfoundland since the War had had no difficulty in raising loans. In 1931, however, when the Government invited tenders for a further loan of \$8,000,000 (\$3,000,000 of which was to repay existing loans and \$1,000,000 for the Municipality of St. John's\*), the stream of lenders suddenly dried up and no tenders were received. A deficit of some \$4,000,000 was anticipated on the budget and the Government were placed in a serious difficulty. In this crisis, they requested Your Majesty's Government in the United Kingdom to lend them the assistance of a Financial Adviser and Sir Percy Thompson, Deputy Secretary of the Board of Inland Revenue, was deputed for this purpose, with Mr. J.H. Penson, Deputy Minister of Finance and Controller of the Treasury.

140. In the result, the deficit on the year was met in part by a loan of \$2,200,000, from a syndicate of the four Canadian Banks operating in the Island, viz., the Bank of Montreal, Royal Bank of Canada, Canadian Bank of Commerce, and the Bank of Nova Scotia, and in part by the raising of an internal loan of \$2,500,000 known as the Prosperity Loan, 1932. This internal loan of \$2,500,000 was issued at 97 and carried interest at 5½ per cent., was specially secured on a newly created fund, known as the Petroleum Products Fund, which set apart from the general revenue the proceeds derivable by the Government under an agreement with Imperial Oil, Limited. Under this agreement the Company was given an exclusive right to import, manufacture and place on the market all petroleum products, including gasoline, kerosene and lubricating oils, in return for a minimum annual payment of \$300,000. The Company further agreed to take bonds in the Prosperity Loan to the amount of \$1,750,000. Bonds to the value of \$250,000 were also taken by the Anglo-Newfoundland Development Company. These two contributions left only \$500,000 to be subscribed by the public in Newfoundland, but in spite of urgent appeals it was found impossible to raise even this small sum. Further subscriptions amounting to less than \$350,000 were received from mercantile and other firms in St. John's, but individual members of the public failed to respond and the loan only became fully subscribed by the investment therein of a sum of \$152,581 by the Reparations Fund. The proceeds of the loan which could be counted as new money thus amounted to \$2,272,419 less the costs of issue which amounted to some \$10,000.

141. There are two features of these transactions which should be noted. In the first place the loan made by the four Canadian Banks was subject to an agreement that the revenue received from customs duties (which are responsible for about 75 per cent. of the revenue of the country) should in future be paid into a special account at the Bank of Montreal.

It was intended that this account should provide for payment in full of the interest on the public debt as it fell due, and that only such sums as might remain after these payments had been made should be available for the administration of the country. Even, however, after extreme economies in administration had been carried out, it was found that, owing to the decline in

revenue and the continued requirements of able-bodied relief, the surplus available in the fund for the purposes of the Dominion was far from sufficient to meet its minimum needs; and it has been necessary, with the agreement of the Banks, to make periodical withdrawals from the fund; with the result that it has been impossible to provide from it for the payment in full of the interest on the public debt.

142. The second feature to which we desire to draw attention is the granting to an outside company of the monopoly of importing a commodity such a gasoline, plentiful and cheap supplies of which are essential to the successful prosecution of the fishery. In return for this concession, Imperial Oil, Limited, agreed to pay to the Newfoundland Exchequer a minimum sum of \$300,000 with a proviso that, if certain specified rates of royalties on actual sales in any year of petroleum products amounted to more than \$300,000, such excess was also to be paid to the Newfoundland Exchequer. The specified rates of royalty were as follows:--

Gasoline and kerosene	8 cents per Imperial gallon
.....	15 " " " "
Lubricating oils	4 " " " "
.....	
Other petroleum products	
.....	

It may be argued that the grant of a monopoly of the importation and sale of an article of universal consumption is by no means an ideal method of creating a fund in order to form the basis of the security for a loan, but it was felt by the Newfoundland Government that in the circumstances, if default in the service of the public debt was to be avoided, there was no alternative but to have recourse to such a device. To a large extent the actual grant of the monopoly merely recognised an existing state of affairs, and the expectation that Imperial Oil, Limited, would use the concession they had obtained with fairness and moderation has not proved unfounded. The concession was granted for a period equal to the currency of the loan and there is provision that it will cease to operate as soon as the loan is paid off. Provision is made both in the Loan Act and in the Agreement with Imperial Oil, Limited, that the loan may be paid off at any time, and, while we have heard no complaint as to the prices charges by the Company, we cannot doubt that it would be of benefit to the community if early advantage could be taken of this provision.

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\* Newfoundland Statutes; Loan Act, 1931 (22 Geo. V. c.33)

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## CHAPTER IV.--THE FINANCIAL POSITION.

### The Period from 1920-21 to 1931-32. (continued)

#### THE ESTABLISHMENT OF A SYSTEM OF TREASURY CONTROL.

143. It appears plain that, in the years to which reference has just been made, little or no control over public expenditure was exercised by the Department of Finance. When prior authority for expenditure was asked by Departments it was given by the Finance Department ordinarily as a matter of course; and in very numerous instances expenditure was incurred by Departments without Treasury authority. The reports by the Auditor-General during the period disclosed considerable irregularities, but were generally ignored, and the liberal interpretation given to the provisions of the Audit Acts removed the main check on improper expenditure. The political system current in the Island sapped such initiative as was possessed by the civil servants, whether in the Department of Finance of other Departments, and the control of public finance, including appointments to the public service and all questions of salaries, was in effect wholly in the hands of the political party in power at the time.

144. In 1932, as a condition of the loan made by the four Canadian Banks at the end of 1931, a different system of financial control was brought into being. The position of Controller of the Treasury and Deputy Minister of Finance was established. The duties of this office, as defined by the Treasury Control Act of 30th April, 1932, are generally to have control over the collection of taxation; to see that no expenditure is made which is not in accordance with law, or for which funds are not available; and to watch over the financial position of the Dominion.

145. The control of expenditure is referred to in some detail in the Schedule to the Act. It is provided, in particular, that the invariable practice shall be that no new expenditure is to be incurred without the written consent of the Department of Finance, new expenditure being defined as follows:--

1. Any new scheme or service which involves or may involve payment from public funds, whether or not this scheme or service is in pursuance of a general policy already adopted by the government, and whether or not provision has been made for it in the Vote of a Department.

2. The creation of new posts and the appointment of additional staff whether permanent or temporary.

3. All increases in salary, other than such automatic increases by seniority or on promotion.

4. Any payments to public servants in addition to their respective salaries.

5. Any proposals for special payments to any other person.

6. Any proposals for pensions, other than those provided for under a properly authorised scale.

The Treasury Control Act, with its Schedule, is printed in Appendix H.

146. We consider that this system of control has worked well within the limits specified below. It is true that certain Departments have experienced some difficulty in adapting themselves to the requirements of financial control, but the transition from the former to the present system has now been satisfactorily accomplished, and we may say generally that Treasury control, approximating to the control which is exercised, e.g., in the United Kingdom, is now in effective existence. Indeed we may add that, in our view, if there be any unnecessary expenditure on the part of Departments, it is so insignificant in amount that it may for practical purposes be disregarded.

147. We would, however, emphasise the fact that the system is theoretically imperfect. The Controller of the Treasury is, in form, appointed by the Government; and therefore, in form, is under the Government's control. In essence, however, it is he who, in controlling expenditure, in effect controls almost all Governmental activities. It is obvious that the proper working of an arrangement of this nature depends not merely on close co-operation between the Government, or Executive Council, and the Controller, but on the existence of satisfactory relations between the personalities concerned. From our observations, we are happy to be able to say that these conditions are at present fully satisfied; but this might not always be the case, and it is a weakness in the system that it should be liable to be upset by the personal factor.

### **The Financial Year 1932-33.**

148. It will be seen, from the account given of the working of the financial year 1931-32, that the receipts from the loans raised in that year were barely sufficient to liquidate the deficit on the year. The budget for the year was framed on the basis that revenue would amount to \$10,180,000 and expenditure to \$10,150,107, there being accordingly a surplus of \$29,893. The figures contemplated an increase in revenue of over \$2,000,000 as a result of additional taxation (which was now increased to the limit) and a decrease in expenditure, resulting from drastic economies, of a similar amount. It was soon manifest, however, that these hopes were not to be realised. It was found impossible to keep expenditure within the estimate owing to the necessity for continuous payments in respect of able-bodied relief. Provision had been made in the Estimates for only \$50,000 in respect of this service, whereas \$1,170,000 had been expended in relief payments during the previous year and large accounts were outstanding. As has already been recorded, it was in fact found necessary to devote \$1,085,000 to relief payments during the year 1932-33. On the other hand revenue showed a sharp decline owing to the decreased purchasing power of the people, and by early autumn it had to be recognised that the receipts from customs duties had been greatly overestimated. In these circumstances it became evident that the Government would not be able from its own resources to meet in full the half-yearly interest payments on the public debt falling due on the 1st January and, in the result, default on that date was only avoided by the action of Your Majesty's Governments in the United Kingdom and Canada in arranging for a joint advance of \$1,250,000 to enable these payments to be met.

149. During the first six months of the present calendar year, the position continued to deteriorate. Revenue showed a further shrinkage while expenditure, though restricted to a minimum, continued to increase. Thanks, however, to the generous action of the United Kingdom Government in once more coming to the

assistance of the Island and making a further advance of \$1,850,000, default on the interest payments falling due on the 1st July was avoided. The financial year eventually closed with a deficit of \$3,253,776 as against the deficit of \$4,029,339 on the previous year.\*

150. It should here be noted that in the autumn of 1932 Sir William Stavert, one of Your Majesty's Commissioners, succeeded Sir Percy Thompson as Financial Advisor to the Newfoundland Government, while Mr. E.N.R. Trentham, also seconded by the United Kingdom Treasury, succeeded Mr. Penson as Deputy Minister of Finance and Controller of the Treasury.

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\* The Exchequer balance sheet on 30th June, 1933, is given in Appendix I.

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## CHAPTER IV.--THE FINANCIAL POSITION. (continued)

### The Current Financial Year.

151. For the current year revenue has been estimated at \$8,934,338 or about \$850,000 more than last year, and expenditure at \$11,065,889 or some \$500,000 less than the expenditure for 1932-33. The estimated deficit for the year is thus \$2,131,551 or about \$1,120,000 less than the deficit for the year 1932-33. The text of the Budget Speech delivered by the Prime Minister on the 29th June, 1933, is reproduced in Appendix J; it will suffice to note here that while every attempt has been made to produce a reliable budget, the figures both of revenue and expenditure must be accepted with caution. For, in the first place, the amount provided for able-bodied relief is \$500,000, as against \$1,085,000 expended for this purpose during the year 1932-33. As will be detailed later, the Government have made great efforts to stimulate the fishery in the hope of enabling the fishermen to earn enough to carry them through the winter. Owing, however, to causes outside their immediate control, and in particular to the virtual failure of the Shore Fishery on almost the whole of the East and North-East coasts of the island (i.e., from Cape Race to Cape Bauld), these efforts have only been partially successful and it is to be feared therefore that large numbers of fishermen will be thrown upon the dole during the coming months. In these circumstances it would seem probable that at least \$1,000,000 (or \$500,000 in excess of the estimate) will be required for relief during the current financial year.

152. The estimate of revenue similarly reflects an optimistic outlook in that it provides for an increase in receipts from Customs duties of \$700,000 over those of last year. The argument here is that the Island has been living in such a state of uncertainty that imports have been reduced to a minimum; that this uncertainty will be to some extent relieved by the publication of our recommendations; and that, when these are available, imports, and therefore the returns from Customs duties will show an immediate increase. Against this must be set the following considerations. First, that the earning power, and therefore the purchasing power, of the people have been seriously diminished by the world depression, that a succession of unprofitable seasons has reduced the fishermen to a state of abject poverty, that all classes have suffered severe losses of income, which have been intensified by increased taxation, and that as reserves become exhausted Customs receipts must necessarily diminish. Secondly, that we are satisfied, as will be hereafter explained, that the present tariff is unscientific, presses too hardly on the fishermen, and urgently needs readjustment; and that as a result of such readjustment a temporary reduction in revenue from Customs duties must be anticipated. In view of these considerations, it would be unsafe to place the yield from Customs duties at a higher figure than \$5,750,000, as compared with the estimate of \$6,400,000 and the actual receipts of \$5,700,000 during 1932-33.

153. Allowing, therefore, \$1,000,000 for able-bodied relief and assuming the revenue from Customs duties to be \$5,750,000, the Expenditure Estimate for 1933-34 becomes \$11,565,889 (as compared with that for 1932-33 of \$11,339,442), and the Revenue Estimate becomes \$8,284,338 (as compared with

last year's receipts of \$8,085,666). On this basis, the deficit for the year would be \$3,281,551 as compared with the deficit of \$3,253,776 for the year 1932-33.

154. It is indeed our considered view that, while world conditions remain abnormal, there is likely to be a recurrent deficit in the neighbourhood of \$3,000,000 (or nearly 40 per cent. of the revenue of the country), so long as Newfoundland is saddled with her present burden of debt and is unable to recapture her lost foreign trade.

### **Detailed Examination of Revenue and Expenditure.**

155. Such in outline is the grave financial situation with which the Newfoundland Government is faced to-day. We have already indicated that, in their anxiety to restore the finances of the Island, they have gone to extreme lengths in imposing increased taxation and enforcing reductions of expenditure. In spite of their efforts, there remains a gap between revenue and expenditure of some \$3,000,000, or 40 per cent. of the revenue of the Island for the last two years. This gap cannot be bridged under present conditions; that, even under normal conditions, there can be no immediate prospect of the Island being able to show a balanced budget will be clear from a detailed examination of revenue and expenditure, to which we now pass.

#### **Revenue.**

156. The following tables show the annual revenue since the War, and the details of the receipts during the last three years:--

#### REVENUE SINCE THE WAR.

	\$	
1919-20	10,597,561	
.....	8,438,039	
1920-21	8,269,680	
.....	8,876,772	
1921-22	8,401,669	
.....	9,783,188	
1922-23	9,752,551	
.....	8,932,435	
1923-24	9,466,005	
.....	10,025,649	
1924-25	11,579,214	
.....	9,665,640	
1925-26	7,931,047	
.....	8,085,666	
1926-27	8,934,338	
.....		
1927-28		
.....		
1928-29		
.....		
1929-30		
.....		
1930-31		
.....		
1931-32		



.....  
 1932-33  
 .....

.....  
 1933-34 (estimated)  
 .....

CLASSIFICATION OF REVENUE FOR THE YEARS 1930-31, 1931-32 AND 1932-33 SHOWING ALSO DETAILS OF THE ESTIMATED REVENUE FOR 1933-34..

Head of Estimate	1930-31. (\$)	1931-32. (\$)	1932-33. (\$)	1933-34. (Estimated) (\$)
Customs (and Excise)	7,465,356.08	5,787,056.33	5,710,296.63	6,465,000
Petroleum Royalty	---	---	302,341.91	300,000
Posts and Telegraphs	664,156.80	534,074.05	587,819.99	597,000
Inland Revenue Stamps	62,712.20	47,797.30	49,080.70	42,000
Crown Lands	85,131.18	76,716.51	141,692.26	104,250
Liquor Profits	429,000.00	260,000.00	177,500.00	200,000
Fines and Forfeitures	5,287.59	17,051.76	21,612.92	23,000
Broom Department, Penitentiary	1,304.28	1,346.98	2,666.60	---
Fees, Public Institutions	51,966.79	43,512.63	40,401.59	63,588
Income and Other Taxes	662,875.27	629,082.97	701,381.09	680,000
Estate Duties	20,592.87	24,829.09	36,795.31	40,000
Taxes and Assessments	68,367.17	77,573.79	78,232.56	79,000
Interests on guaranteed loans (St. John's City debt).	38,212.14	103,433.49	51,427.24	120,000
Miscellaneous	95,678.34	328,572.51	184,417.73	220,500
Profit on issue of coins	5,000.00	---	---	---
Total	\$9,655,640.71	\$7,931,047.41	\$8,085,666.53	\$8,934,338

157. It will be seen that approximately 75 per cent. of the revenue is derived from customs duties, 7½ per cent. from income and other taxes, and 2½ per cent. from liquor profits. Taxation thus very largely indirect.

158. The fact that the revenue of the country is so largely dependent on customs receipts makes it necessary to exercise caution in comparing the revenue figures of recent years with those of the years 1920-30. For one result of the excessive expenditure incurred during that period and met from loan funds was to increase temporarily and artificially the purchasing power of the people. This in turn was reflected in increased imports and thus in increased receipts from customs duties. The revenue returns throughout the post-war period until the onset of the depression were swollen by this process, and must accordingly be regarded as in excess of the normal revenue of the Island.

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## CHAPTER IV.--THE FINANCIAL POSITION.

### Revenue. (continued)

#### CUSTOMS DUTIES.

159. The operation of the tariff in Newfoundland has caused us serious concern. Not only is there a very wide range of duties, few commodities being exempt, but the duties are in many instances so high as to be seriously oppressive. The tariff if not the outcome of any scientifically considered policy but may be taken to have reached its present proportions as the result of the pressing need for additional revenue which was the annual experience of a series of financially embarrassed Governments. Until recently it was the policy of Newfoundland Governments to admit free of duty those articles such as flour, salt and petrol which were among the essential requirements of the fishermen; to-day even these articles are taxed, and the resulting increase in the fishermen's costs has proven a severe handicap to the rehabilitation of the industry in the face of foreign competition. In other respects, too, the level of duties is now so high that the point of diminishing returns appears to have been reached. There is no doubt, in our view, that the tariff is unscientific and urgently needs readjustment. It is, moreover, excessively complicated and could be simplified to the general advantage. The readjustment which we recommend can only be carried out after detailed and expert examination and we are glad to know that Newfoundland Government are about to take steps to obtain special assistance with this object in view. It is not unlikely that a general lowering of the duties now in force, and their readjustment on a scientific basis, may result eventually in an increase of revenue; but for the immediate future a reduction in the revenue derived from this source must be anticipated.

160. Apart from the revision thus contemplated, the customs tariff has recently been subject to alteration as a result of the Trade Agreement between Newfoundland and the United Kingdom which was concluded at the Imperial Economic Conference at Ottawa in August, 1932. Under this Agreement, the text of which is printed in full in Appendix K, the United Kingdom undertook, subject to certain reservations, to continue to grant free entry to Newfoundland products, and to arrange for such duties to be imposed on foreign cod-liver oil and chilled or frozen salmon entering the United Kingdom as would result in a preference to Newfoundland over foreign products of 1s. 4d. a gallon and 1½d. a lb. respectively. The Agreement also provided that the general ad valorem duty of 10 per cent. imposed in the United Kingdom on foreign codfish and marine shell should not be reduced except with the consent of His Majesty's Government in Newfoundland. In return, the Newfoundland Government undertook to arrange for the enactment of legislation granting the United Kingdom preference over foreign countries on 61 articles in the Newfoundland tariff and providing for a more favourable valuation of the pound sterling for customs purposes. Articles were also inserted providing for certain reciprocal concessions to Colonies and Protectorates. The Agreement came into force on the 1st July, 1933, and it is estimated that the effect of the preference granted to the United Kingdom will be to diminish the receipts from customs duties by some \$150,000 per annum.

The effect of the Agreement on the cod-liver oil industry in Newfoundland is considered in Chapter VI,\* while the discussions which took place during the Ottawa Conference in connection with the iron-ore industry are referred to in Chapter VII.†

### INCOME TAX.

161. The following is a statement of the rates in force:-

Subjects.	Taxation Rates.	Per Cent.
Banks and Trust Companies.	On the average amount of money On deposit and current loans .....	5/16 of 1
Fire Insurance Companies.	On premiums of insurance on property within Newfoundland .....	6
Life Insurance Companies.	On premiums of life insurance received from the public within Newfoundland .....	2
Personal Holding Companies.	Incorporated in Newfoundland for purposes such as investing or trading in bonds, stocks, securities, but not doing business with the public in Newfoundland:--  On capital \$250,000 or less .....	\$50.00  On next \$750,000 at per \$1,000 ..... .10  On excess over \$1,000,000 at per \$1,000 ..... .05  Maximum tax ..... \$250.00
Lotteries	On amount of prizes .....	12
Landed Estates	On rents collected less necessary expenses .....	12
Companies	On net profits .....	12
Individuals	Exemption of \$1,000 for single persons and \$2,000 for married persons, on incomes exceeding above exemptions but not exceeding \$6,000 .....	6  On the excess over \$6,000 ..... 12  Supertax is payable as follows:--  Incomes up to \$6,000 are exempt.  On the next \$2,000 above \$6,000 the rate is ..... 2  On the next \$2,000 above \$8,000 the rate is ..... 4  On the next \$10,000 above \$10,000 the rate is ..... 6

On the next \$10,000 above \$20,000 the rate is .....	10
On the next \$10,000 above \$30,000 the rate is .....	15
On the next \$10,000 above \$40,000 the rate is .....	20
On the next \$50,000 above \$50,000 the rate is .....	30
On the amount above \$100,000 the rate is .....	35

\* Paragraphs 327-328.

† Paragraphs 444-445.

NOTE.-- (1) In addition to the statutory allowance of \$2,000, married persons receive a dependent allowance of \$300 for each child under 20 years of age.

(2) In the case of a child over 20 years of age and having a mental or physical infirmity, an allowance of \$300 is given.

(3) In the case of householders an allowance of \$300 is given for dependent relatives.

(4) Where dividends are received from taxed companies, such dividends are not included in the taxpayer's income for the ordinary income tax, but are so included for supertax.

(5) The allowances specified under (1), (2) and (3) are not deducted from total income for the purpose of supertax assessments.

(6) Where taxes are paid on filing income tax return and on receipt of assessment notice, individual taxpayers receive a discount of 5 per cent. on the amount of the total tax.

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### Revenue.

#### INCOME TAX. (continued)

162. It will be seen that, as regards individuals, the rate payment is 6 per cent. on incomes between the exemption limit and \$6,000 per annum. Income tax at the rate of 12 per cent., and also a graduated supertax, is payable on the excess of income over that figure. These rates are generally moderate compared with those in force in the United Kingdom but we think that they are as high as can reasonably be levied in the conditions prevailing in Newfoundland.

163. Reference was made by more than one witness who came before us to the practice under which Banks and Trust Companies are required to pay a tax of 5/6 of 1 per cent. on the average amount of money on deposit and on current loans. On the whole, we do not consider that this rate is excessive.

#### LIQUOR PROFITS.

164. In the seven years up to 1924, Prohibition was in force in the Dominion. It was found for many reasons that this system worked unsatisfactorily, and it was consequently abolished in 1924. Under the present arrangement the Liquor Control Board is authorized to open three stores in the City of St. John's; and if it is demanded by popular vote, at any other centre in the Island. In no case, however, has any store outside St. John's been opened. Under the system in force a person is allowed to purchase three bottles of spirits a week, but no limit is placed on the purchase of wines and beer.

165. The following table shows, for the last eight years, (a) the sales of liquor, (b) the duties on liquor importations paid to the Customs Department, and (c) the net profit on the Board's operations, which has been transferred to the Exchequer. It should be noted that the revenue in column (4) is additional to that in column (3).

Year ending 31 <sup>st</sup> January.	Sales of Liquor.	Duties on importations paid to Customs Department.	Net profit on the Board's operations transferred to Exchequer.
(1)	(2)	(3)	(4)
	\$	\$	\$
1926	1,057,745.40	417,601.78	285,276.93
1927	1,140,351.64	448,351.47	395,675.08
1928	1,093,526.63	447,245.32	319,052.15
1929	1,194,250.82	463,764.29	361,552.83
1930	1,112,828.50	410,927.66	329,514.14
1931	1,128,675.13	400,316.17	338,448.95

1932	880,061.98	305,937.05	263,351.49
1933	658,055.90	244,810.01	193,075.11
	\$8,265,496.00	\$3,138,953.75	\$2,485,946.68

The decline in sales since the onset of the depression is very noticeable.

#### GENERAL.

166. We have given careful consideration to the question whether there are any further sources of revenue which could be exploited, but we regret that, apart from a suggestion, which is made later in this Report,\* for the imposition of a tax on unoccupied or undeveloped lands, we can see no means by which further revenue could be secured at the present time. An improvement in revenue receipts must depend, first, on improved conditions in world markets and, secondly, on the adoption and execution of a long-range policy of reconstruction for which, in existing circumstances, funds are not available. It may be hoped too that an increased revenue may be obtained from Labrador in years to come.



**Saglek Bay and Fjord, Labrador, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (45 kb)

#### Expenditure.

167. The following tables show the expenditure of the Island since the War and the details of expenditure during the last three years.

#### EXPENDITURE SINCE THE WAR.

Year.	Current Expenditure.	Interest on Public Debt.	Railway Deficit.	Total.
	\$	\$	\$	\$
1919-20	7,098,211	2,148,795	1,335,107	10,582,113
1920-21	8,938,697	2,012,719	1,758,025	12,709,513
1921-22	6,635,335	2,492,207	953,367	10,080,909
1922-23	6,803,409	2,748,892	593,279	10,145,580
1923-24	7,005,880	3,016,257	6,519	10,028,656
1924-25	6,307,961	3,128,224	358,509	9,794,694
1925-26	6,483,461	3,381,706	743,794	10,608,961
1926-27	6,994,623	3,538,785	617,675	11,151,083
1927-28	6,899,003	3,841,922	444,159	11,185,084
1928-29	7,237,883	3,894,939	387,617	11,520,439
1929-30	7,274,512	4,159,800	380,493	11,814,805

1930-31	8,570,805	4,328,128	709,608	13,608,541
1931-32	7,228,815	4,731,571	339,032	12,299,418
1932-33	6,226,279	5,113,145	214,332	11,553,774

CLASSIFICATION OF EXPENDITURE FOR THE YEARS 1930-31, 1931-32 AND 1932-33,  
SHOWING ALSO DETAILS OF THE ESTIMATED EXPENDITURE FOR 1933-34.

Head of Estimate.	1930-31.	1931-32.	1932-33.	1933-34 (estimated).
	\$	\$	\$	\$
Interest on Public Debt and charges for sinking fund	4,328,128.66	4,731,571.79	5,113,145.28	5,200,000.00
Civil Government	673,902.02	600,496.25	552,575.33	584,763.00
Civil, Naval and Military, and Old Age Pensions	876,922.59	894,994.02	818,985.19	817,850.00
Administration of Justice	489,855.95	443,995.13	522,553.88	514,584.00
Legislation (Legislative Council, House of Assembly)	100,064.05	70,311.98	45,907.47	37,952.00
Education	989,591.89	735,553.36	496,214.99	500,000.00
Public Charities	1,145,179.67	921,392.05	786,313.49	811,555.00
Agriculture and Mines	141,495.55	65,235.59	140,800.62	39,400.00
Marine and Fisheries	444,018.86	413,337.72	272,999.75	368,000.00
Roads and Bridges	222,448.79	124,604.37	25,490.38	48,000.00
Customs	663,711.90	466,403.83	560,267.87	480,840.00
General Contingencies	147,230.28	69,176.39	57,376.68	50,000.00
Elections	---	37,113.95	18,541.97	---
Posts and Telegraphs	1,491,463.49	1,036,200.20	693,269.22	712,945.00
Audit Act	1,184,919.75	---	---	---
Relief	---	1,170,000.00	1,805,000.00	500,000.00
General Contingencies	---	50,000.00	---	---
Savings Bank	---	130,000.00	---	---
Railway	---	---	150,000.00	400,000.00
Total	12,898,933.45	11,960,386.63	11,339,442.12	11,065,889.00

\* Chapter VII, paragraphs 425-427.

Image description updated May, 2004.

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## CHAPTER IV.--THE FINANCIAL POSITION.

### Expenditure. (continued)

#### ANALYSIS OF EXPENDITURE.

168. It will be seen that, deducting debt charges and relief expenditure, the current expenditure of the Island in 1930-31 was about \$7,400,000. This figure was reduced in 1931-32 to \$6,000,000 and in 1932-33 to \$5,200,000. The Estimates for 1933-34 provide for a slight increase to \$5,400,000, but even so they are lower by \$2,000,000 than the corresponding Estimates of 1930-31.

169. This very substantial reduction in expenditure has only been realised as a result of the public-spirited efforts made by successive Governments during the last two years to eliminate all wasteful expenditure and to enforce stringent economies wherever practicable, with a view to bringing the budget as near as possible to equilibrium. We are glad of the opportunity to pay tribute to these efforts, regretting only that they have come too late to enable a balance between revenue and expenditure to be immediately achieved.

170. Before we proceed further with an analysis of the Island's expenditure, we think it will be of interest to record here the principal economies effected during the last two years.

Salaries of Ministers of the Crown have been reduced by 33 per cent., and those of civil servants have been reduced by cuts ranging from 25 per cent. to 27½ per cent. The salaries of Judges have been reduced by approximately 20 per cent. Civil pensions have been reduced, on a sliding scale, from 20 per cent. to 45 per cent., and war pensions have been reduced by an average of 20 per cent. The grant for Education has been brought down from \$1,000,000 annually to \$500,000, and expenditure on legislation has been reduced from \$100,000 to less than half that amount, including reductions in the Sessional allowance of Members of the House of Assembly from \$1,000 to \$600. Expenditure on Public Charities, under which come the staffing and equipment of the Hospitals, Penitentiary, and similar institutions, has been reduced by 30 per cent., as has also expenditure on Marine and Fisheries, Agriculture and Mines, and Customs administration. Expenditure on Roads and Bridges has fallen to 25 per cent. of the amount spent two years ago; while expenditure on Posts and Telegraphs, which amounted to \$1,491,000 in the year 1930-31, is estimated at one-half that amount for 1933-34.

In addition, numerous economies have been made in the day-to-day administration of the Controller of the Treasury.

171. As a result of these economies, the current expenditure of the Government has been reduced to between \$400,000 and \$450,000 a month, or \$5,400,000 per annum. If the expenditure on the Post Office, as being an organisation whose accounts should be self-balancing, be deducted, there remains about \$4,600,000. Of this sum, rather over \$800,000 is expended on pensions of all descriptions: while \$1,500,000 is absorbed in equal proportions by public health services, the administration of justice and educational grants. These items reduce the total to about \$2,000,000. When further deductions are made for



Customs administration and maintenance of public works and buildings, the sum left over for productive purposes is very small. The proportion of the total expenditure which is devoted to non-productive purposes is much larger than would normally be expected, but this has been brought about not because that expenditure has been maintained at too high a level, but because the whole expenditure estimate has been so drastically cut that the proportion between productive and non-productive expenditure has been lost.

172. Not only are we satisfied that, owing to the enforcement of these economies and the introduction of the system of Treasury control, current expenditure has been reduced to the lowest possible level, but we feel bound to point out that in some respects it must be expected to show an increase during the next few years.

173. In the first place, the reductions in the salaries of civil servants and Government employees, while fully justified as an emergency measure, have been on such a severe scale that it may be doubted whether they can be continued much longer without causing hardship and distress. These reductions have been accepted with good grace and we gladly pay tribute to the uncomplaining spirit in which public servants have determined to bear their full share of the sacrifices needed to restore the Island's finances. But their reserves are becoming exhausted: no margin is left to them for the renewal of clothes and other necessities and it is clear that a continuance of the reductions on the present scale must make for conditions which will detract from efficiency and so militate against the best interests of the country. On other and special grounds, the salaries of the Judges should be readjusted.

174. Somewhat similar considerations apply also to the reductions made in war pensions. The disabled ex-service man in Newfoundland is, to some extent, liable to be placed at a disadvantage compared with his fellows in other countries owing to the scarcity of openings for the employment of men who are not physically fit; in most cases it is difficult for such men to supplement their pensions. It is true that the original pensions awarded were of a somewhat high standard; but the reductions have been large, and we recommend that as soon as circumstances permit the opportunity should be taken to restore in part at least the cuts which have been made.

175. Moreover, reductions of a drastic nature have been made in certain services which must be regarded as essential to the Island's welfare. For instance, the grant made towards the maintenance of the Island's educational services has been halved. These services are conducted by the several denominations and the halving of the Government grant has in most instances, if not in all, resulted in halving the salaries of the teachers, who have in consequence been reduced to a condition of bare subsistence. An increase in the grant is, in our view, urgently called for.

#### RAILWAY.

176. The complicated history of the Newfoundland Railway, which has more than once been the subject of acute political controversy, is recounted at some length in Chapter III. Until 1920 the Railway was operated by the Reid Newfoundland Company under the contract of 1898 as amended by that of 1901. At the end of this period the financial difficulties of the Company were such that

an appeal was made to the Government for assistance, with the result that between the years 1920 and 1923 the Railway was operated by a joint Commission composed of representatives of the Government and the Company. Under an agreement confirmed by the Railway Settlement Act of 1923 the entire management of the Railway was assumed by the Government, the Reid Newfoundland Company undertaking that the Company and its subsidiary companies should retire absolutely from all transportation (including express) operations in, from and to the Colony and from the docking business in Newfoundland. In consideration of this complete retirement, the Company received from the Government the equivalent of \$2,000,000 in sterling at the then rate of exchange. Since 1923, the Railway has been operated by the Government, first as the "Newfoundland Government Railway", and latterly as the "Newfoundland Railway".

177. As will be seen from the following figures showing the annual deficit of the management of the railway since 1923, the railway has never been able to meet its working expenses during the period in which it has been under Government control. It appears, indeed, from the available figures relating to the Reid Newfoundland Company's operations that the railway has never at any time paid its way, even without provision for depreciation and renewal.

Year.	<i>Operating Expenses.</i>	<i>Earnings.</i>	<i>Loss.</i>
	\$	\$	\$
1923-24 .....	3,238,371.92	3,231,852.58	*6,519.341
1924-25 .....	3,729,710.22	3,371,200.38	358,509.84
1925-26 .....	3,753,087.57	3,009,290.19	743,797.38
1926-27 .....	3,675,485.44	3,057,809.88	617,675.56
1927-28 .....	3,647,732.53	3,203,572.80	444,159.73
1928-29 .....	3,784,293.50	3,396,676.34	387,617.16
1929-30 .....	4,095,100.15	3,714,606.18	380,493.97
1930-31 .....	3,896,765.70	3,187,157.66	709,608.04
1931-32 .....	2,648,119.24	2,309,086.68	339,032.56
1932-33 .....	2,422,897.73	2,208,565.73	214,332.00

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\* This year was exceptional, owing to the increased traffic brought to the Railway by the construction of the Paper Mill at Corner Brook in 1923.

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## CHAPTER IV.--THE FINANCIAL POSITION.

### Expenditure.

#### RAILWAY. (continued)

178. In the figures in the above table, no provision is made for depreciation, renewal or interest on the capital expended by the Government for the purposes of the railway and ancillary services. Had strict accounting methods been adopted, the items of depreciation and renewal would have represented an additional liability of approximately \$600,000 per annum. On this basis the deficit for 1932-33 would have been \$814,332, instead of \$214,332 as shown in the table. It is claimed, however, that, so far as the operation of the main line is concerned, very little expenditure will be required in renewals during the next 20 years.

179. The yearly deficits incurred since 1923, amounting in all to approximately \$4,200,000, were in most cases met from loan funds and not from the current revenue of the Island. In addition to these losses on operation, capital expenditure for additions and improvements amounting to some \$6,000,000 has been met from the proceeds of loans. Excluding payments for interest on these loans, the net cost of the Railway to the country during the decade 1923-33 may thus be placed at approximately \$10,000,000 or an average of \$1,000,000 a year.

180. The total net cost of the Railway to the country from the original survey of 1875 to the end of the year 1932, including the cost of construction, renewals, operating deficits, the value of the lands granted to the Reid Newfoundland Company and all other expenses connected with the undertaking, is estimated at \$42,500,000 of which \$39,500,000 has been provided from loan funds. The figure is equivalent to over one-third of the public debt of the Island. This calculation, however, takes no account of the indirect but none the less substantial contributions which may be said to have been made by the Railway to the revenue of the Island, partly as a result of the increased employment given to the people and partly as a result of the opening up of parts of the country which would otherwise have remained closed.

181. Great efforts have been made during the last two years to enable a balance to be achieved between the revenue and expenditure of the railway. Of the six branch lines, that from St. John's to Trepassey has been abandoned; the stations on the branch have been recently been sold by auction and arrangements are in view for disposing of the rails. On the other branch lines, the service has been drastically curtailed, and between Carbonear and Bay de Verde has been entirely suspended. The winter service on the main line has been reduced from three to two express trains a week in either direction, involving a corresponding reduction in the steamship service from Port-aux-Basques to North Sydney. The Railway staff has been cut down from 2,400 to 1,800; and their salaries have been reduced by cuts ranging from 10 per cent. to 25 per cent. Coastal steamer services have been curtailed; purchases have been reduced to a minimum and determined endeavours have been made to secure economy in

management.



**Trepassey (Southern Shore), n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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182. Notwithstanding these efforts, there has been a continuing, though a reduced, loss on operating expenses, amounting, as will be seen from the foregoing table, to \$339,000 in 1931-32 and \$214,000 in 1932-33. Railway receipts during the first few months of the current financial year have shown an increase on those of the corresponding months of last year, but, even if the improvement should be maintained, it can hardly be anticipated that the railway, as at present conducted, will be able to show a surplus of revenue over expenditure at least during the continuance of the present depression.

183. We content ourselves with recording these facts. In a later chapter we shall review the suggestions made to us regarding the future of the railway, and shall point out the need for a comprehensive overhauling of the railway and steamship services of the Island in order that, so far as possible, they may no longer form a charge on the Exchequer. We would only add here that we have ourselves travelled over almost the whole length of the railway, and, while the main line is in good condition, we do not doubt that if the branch lines now in use are to be continued in efficient operation considerable expenditure in renewals will be required at no distant date. The future of these branch lines thus constitutes a special problem.

#### HOTEL.

184. The Newfoundland Hotel, now owned and operated by the Newfoundland Government, was built seven years ago under private enterprise at a cost of \$1,000,000. The promoters of the scheme, the Newfoundland Hotel Facilities, Limited, were given the site free of charge by the Government and derived their capital in part from an issue of \$450,000 first mortgage 6 per cent. bonds guaranteed by the Government both as to principal and interest. The Company was soon in difficulties and eventually went into liquidation in 1930. The Government then decided to buy the hotel in order to protect their interests and the hotel passed into their control on the 30th November, 1931. The hotel is conveniently situated, well furnished and comfortable.

185. Up to that date, the hotel had shown a profit on operating expenses, but, owing largely to the unfortunate effects of the world depression, a loss of \$17,000 was incurred during the first year of Government ownership. During the present year prospects have improved and there is hope that with careful management the operating loss in 1933 will not exceed \$1,500. As in the case of the railway, however, no provision has been made for depreciation, renewal or interest on capital, and the liability of the Government not merely to make up any current deficit but also to meet any necessary expenditure on capital account is one which cannot be ignored in any estimate of the future.

## GENERAL.

186. When all these factors are taken into consideration, it will be seen that not only has the current administrative expenditure of the Island been reduced to the lowest level but that an increase must be anticipated if the efficiency of the country's essential services is not to be impaired. A reduction in expenditure can indeed only be brought about either by a reduction in the expenditure on able-bodied relief or by a reduction in the present burden of the debt. We have, we hope, made it sufficiently clear that there can be no prospect of securing any appreciable reduction in the former, pending a revival of trade and an improvement in the prices obtainable in the world markets for Newfoundland's products. It is therefore only by a reduction in the present burden of her debt that Newfoundland can obtain any immediate relief. We therefore conclude our review of the financial position with a detailed survey of the public debt of the Island.

*Image description updated May, 2004.*

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## CHAPTER IV.--THE FINANCIAL POSITION. (continued)

### The Public Debt.

187. As will be seen from the full statements in Appendices F and G, Newfoundland's public debt falls broadly into eight categories:--

(1) Sterling loans which were raised before 1900 and are not Trustee Stocks in the United Kingdom .....	£3,331,500
(2) Sterling loans which were raised between 1900 and 1914 and are Trustee Stocks in the United Kingdom .....	£1,590,500
(3) Sterling loan raised after the War and ranking as a Trustee Stock in the United Kingdom .....	£423,500
(4) Sterling-dollar bonds raised after the War which are not Trustee Stocks in the United Kingdom .....	£5,651,300
(5) Gold-dollar bonds raised in New York after the War .....	\$31,500,000
(6) The "Prosperity Loan", 1932, and other internal dollar issues .....	\$3,354,650
(7) Advances by the Canadian Banks operating in Newfoundland .....	\$6,256,000
(8) Advances by the United Kingdom Exchequer (including a war-time advance of £400,000) .....	£1,000,000

188. It is thought that of the bonds coming within categories (4) and (5) about half are held in the United States of America and half in the United Kingdom. The sterling stocks coming within categories (1), (2), and (3) are thought to be held almost entirely in the United Kingdom.

189. The Colonial Stock Act of the United Kingdom was passed in 1900 and the sterling loans raised since that date, i.e., those in categories (2) and (3), are all Trustee Stocks.

190. In the case of the dollar bonds issued since the War, the holder has an option of payment in sterling or in dollars (United States or Canadian). The bonds raised in New York, i.e., those falling within categories (4) and (5), and representing about three-fifths of the whole debt, contain the gold clause. Those raised in London, Canada or Newfoundland do not contain that clause.

191. The rates of interest are as follows:--

Sterling stocks (non-Trustee), 3, 3½ and 4 per cent.

Pre-war sterling stocks (Trustee), 3½ per cent.

Post-war sterling stock (Trustee), 5 per cent.

Dollar bonds issued very shortly after the War, 5½ and 6½ per cent.

Sterling-dollar and dollar bonds: subsequent issues up to and including 1930, 5 per cent.

"Prosperity Loan, 1932" (raised locally), 5½ per cent.

Bank and Government loans, 5 per cent.

The loans were all issued at or near par so that the rates of interest quoted are substantially the true effective rates. The average rate of interest is just under 5 per cent.

192. The total debt amounts to just under \$101,000,000 or £20,746,000 at par of exchange.

The total interest charge amounts to some \$4,860,000 = £1,000,000 at par of exchange, to which must be added \$140,000 or £28,000 per annum for sinking fund. The provision for debt service in the current Budget is \$5,200,000, a figure which allows for exchange fluctuation and for the premium on interest payments in New York.

193. "The Prosperity Loan, 1932" (Category (6)) and the Bank and Government loans (categories (7) and (8)) are repayable at any time. In the case of the other loans there is no provision for repayment pending maturity.

194. The tables reproduced in Appendix L reflect the trend of Newfoundland's credit in London since the War.

### **Summary of Conclusions.**

195. In the light of circumstances surveyed in this chapter, we reach the following conclusions:--

(1) The Island is in extreme financial difficulties. These have been intensified by the world depression, but they are due primarily to persistent extravagance and neglect of proper financial principles on the part of successive Governments during the years 1920-31.

(2) The onset of the depression found the country, as a result, with little or no powers of resistance. The people are impoverished. No less than one quarter of the entire population was in receipt of public relief prior to the commencement of the fishing season, while the general level is one of bare subsistence. Without a long-range programme of reconstruction, which it cannot undertake unaided, the country will have little power of recuperation even when times improve.

(3) There has been great improvement in financial administration as the result of the appointment from abroad of successive Controllers of the Treasury. But the effective work of this officer depends upon close co-operation and satisfactory personal relations between Government and himself. These conditions are fulfilled at present, but they may not always be fulfilled.

(4) The Customs duties, which provide the great bulk of the revenue, require revision. This is about to be undertaken. There is little prospect of an increase in revenue in existing conditions; indeed, the revision of the tariff may be expected to lead to a temporary decrease.

(5) Immense economies have been made in the normal expenditure of the Government. This expenditure cannot remain for very long at its present low level.

(6) The present burden of public debt is wholly beyond the country's capacity, and it is essential that it should be lightened if the Island is to be saved from the imminent danger of financial collapse.

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## CHAPTER V.--THE PRESENT STATE OF THE ISLAND.

196. In the previous chapter an attempt has been made to set out the plain facts of the financial position. These, we have shown, point to two main conclusions: first, that the difficulties with which the country is faced, while accentuated by the effects of the world depression, are in reality the result of persistent extravagance and neglect of proper financial principles on the part of successive Governments prior to 1931; secondly, that conditions are now such that it is beyond the powers of the people to make any effective recovery unaided or without some relief from the present burden of the public debt. Before we pass to a detailed examination of prospects in the immediate future, we propose to record here our impressions of the present state of the Island.

### Considerations arising from the Distribution of the Population.

197. Newfoundland, as we have already mentioned is rather larger than Ireland and rather smaller than England. Yet it has a population of only 280,000. Of these, some 40,000 live in St. John's; the remainder are scattered round a coast-line of 6,000 miles. The interior is practically uninhabited save for a few small towns or villages.

198. The country has always been, first and foremost, a fishing country; the settlements are, therefore, situated in places from which fishing could most easily be conducted. The original settlers, in making their homes, paid little attention to what they considered relatively unimportant factors, such as the quality of the soil, the distance from other settlements or the lack of amenities. The main criterion was whether the site in view was such as to promise good catches of fish. From this standpoint, indeed, loneliness and isolation might be positive advantages if they carried with them the prospect of the undisturbed use of a fishing ground from which a modest living could be won. The result is that, apart from the capital, St. John's, there are approximately 1,300 settlements containing in all 240,000 people, or an average of about 180 per settlement. A few of these settlements, or "outports" as they are called, have grown with the passage of time into towns of importance; but none of them has a population of more than 5,000 while many of them are only small hamlets inhabited by 50 to 100 people. There is general agreement that a number of the outports, particularly of those on the northern promontory of the Island and on the western portion of the south coast, are situated in places which, judged by modern standards, would not be regarded as suited to human habitation.

199. The distribution of the people among these small and scattered outports has had far-reaching consequences. Administration is rendered difficult and expensive; and in the more remote places the inhabitants are driven in on themselves. In the north of the Island the winter is severe and the coast is usually ice-bound from December to June. During these months communication by sea is impracticable, while communication by land is hazardous even in those localities where roads are to be found. In general, it may be said that each outport on the north-east and north-west coasts is cut off, for at least half the year, from all physical contact with the outside world. This is a serious

disadvantage, even in the case of the larger communities; in certain of the smaller outports, some of which are not easily accessible even under the most favourable conditions, these long periods of enforced isolation have given rise to intermarriage, chronic disease through absence of medical advice, and gradual degeneration. The same results are noticeable in certain districts on the south coast which are open to navigation throughout the year but are otherwise isolated. On the other hand, in the north of the Island and in Labrador, where the climate is more severe, Sir Wilfred Grenfell and his Mission, largely supported in the United States, have succeeded, against heavy odds, in counteracting these ill effects.

200. Two further points relating to the distribution of the population have already been touched upon. The first is that the people are unevenly divided, about half of them living in the Avalon Peninsula and over three-quarters on the east coast, including the Avalon Peninsula. This preference for the east to the south and west coasts is due not so much to climatic as to historical causes. The east coast, being the coast nearest to Europe, was the coast on which the first settlers landed. From the end of the fifteenth to the early part of the eighteenth century, Newfoundland was regarded as a base for the fishing fleets which were despatched each year from Europe to fish on the Grand Banks (See Map No. 5), and colonisation was discouraged. St. John's, Bay Bulls, Cape Broyle, Ferryland, Trepassy and Placentia, the principal harbours of the Avalon Peninsula, were the favourite resorts of fishing vessels in need of a safe refuge where fish could be dried and cured, and when the ban on colonisation was lifted these places were the first to be settled. Once St. John's had become the recognised capital of the country, the development of the seal fishery to the north-east of the Island, the abundance of codfish along the shore and the magnificent harbourages in Conception and Trinity Bays, proved a powerful attraction to settlers who spread northwards rather than westwards. The most fertile land in Newfoundland is, in fact, to be found on the west coast, but here there were special difficulties in the way of colonisation, since the privileges granted to French nationals by the Treaty of Utrecht, 1713, and subsequently confirmed by the Treaty of Paris, 1763, and the Treaty of Versailles, 1783, militated against the development of the country and proved a constant source of embarrassment.\* These difficulties were not removed until 1904, the privileges granted by the Treaty of Utrecht being finally renounced by the French Government under the Anglo-French Convention of that year; it is not surprising, therefore, that the west coast, notwithstanding its close proximity to Canada, should be so thinly populated. The south coast has the advantage of being free from ice throughout the year; fishing is thus possible in the winter as well as the summer. This advantage is, however, outweighed by the disadvantages arising from a formidable and rugged coast line, and a soil which in many places on the immediate littoral is so poor as to be almost beyond hope of cultivation.



**Ferryland, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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201. The second point is the distribution of the people in religious

denominational groups. We have already noted that the population is divided almost equally into three denominations, the Church of England, the Catholic Church and the United Church of Canada. The Salvation Army numbers about 12,000 and for purposes of political grouping may be associated with the United Church. The remaining denominations are small and do not materially affect the numerical preponderance of the larger bodies. The catholic section of the people are mostly the descendants of Irish immigrants; a few are of French extraction. The other sections, for the most part, trace their origin to settlers from the West of England. In the larger centres, denominations overlap but, as we have already pointed out and as the map No. 2 shows, the several outports are in the main Church of England, Catholic or United Church. This denominational exclusiveness has had far-reaching effects.

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\* v. Chapter III, paragraphs 70 and 109.

*Image description updated May, 2004.*

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## CHAPTER V.--THE PRESENT STATE OF THE ISLAND. (continued)

### The Life of the People.

202. The people of Newfoundland are a maritime race and may be numbered amongst the best seamen of the world. For nearly two hundred years prior to 1914 the Island proved a valuable recruiting ground for the Royal Navy; over 2,000 Newfoundlanders served on H.M. Ships during the Great War. The Newfoundlander is at home in any boat; and, though he possesses as a rule little knowledge of the science of navigation, his practical seamanship is of the highest order. The courage and hardihood which he habitually displays, notably in the seal and Bank fisheries, have always been the object of admiration.

#### Tess Cove, n.d.

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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203. The average fishermen is also a "farmer," that is to say, while he is primarily dependent for his livelihood on the products of the sea, he also cultivates a small strip of land, either attached to or in the neighbourhood of his home. In most cases the "farm" or "garden" is little more than an allotment which serves the purpose of supplying the owner and his family with potatoes and other vegetables and sometimes supports a few sheep or goats. The inshore fishing season commences in June and, in most parts of the country, ends in September or early October. Employment between September and June is at best available to only 4,000 to 5,000 men, and that for only part of the time. The average fishermen is thus faced with the problem of earning enough in three or four months to keep himself and his family for the rest of the year. It is hardly surprising, in these circumstances, that the general standard of living should be low and even primitive.

204. Normally, the Newfoundlander, after the conclusion of the fishing season, occupies himself with the cutting of wood in the forests for fuel for his household; with repairs to his house, boat and fishing gear, and perhaps with the building of a new boat; with the erection or replacement of fences; with attending to daily household requirements and with any odd job he may find. In most cases there is a plentiful supply of wood, all land within three miles of the coast being reserved for the use of the people, but in some localities intensive and reckless cutting without adequate supervision has led to the depletion of timber-lands with the result that the inhabitants are compelled to seek their fuel at a considerable distance from their homes.

205. Employment in the off-season is available for a small minority of the fishermen with the companies operating the Paper Mills at Grand Falls and

Corner Brook. The cutting of the annual timber supply for the Mills usually takes place in the fall of the year and comprises some 3,000 men for two months. The hauling of wood to suitable points on the river is normally undertaken in January when there has been a sufficient fall of snow to make the undertaking feasible: about 1,800 men are employed for a month in this operation. Finally, in the spring, the logs are "driven" or floated down the rivers; this gives employment to about 1,000 men for a month. It is the practice of the two companies to let out contracts for these operations: the contractors in turn enter into sub-contracts with individual workers, who pay at a fixed rate for their living expenses. There is no doubt that in the past these operations in the woods have proved of considerable benefit to numbers of fishermen in that they have been given a welcome opportunity to supplement their earnings from the fishery. Recently, however, the price of paper has been so low that, even though the Mill at Grand Falls has continued to work at full time, the rates paid by contractors to workers in the company's woods have yielded the latter but a small return, while at Corner Brook, where the Mill has been working only four days a week, the reduction in the rates payable has been felt all the more severely because of the simultaneous reduction in the amount of cutting required. A further point is that the prospect of regular employment in the woods for at any rate four months in the year has induced many men to become woodsmen rather than fishermen, and to specialise in the former rather than to combine the two occupations. Now, when it is not possible to make a living out of operations in the woods alone, they would wish to turn again to the fishery; but they find it difficult, if not impossible, to do so since they are now without a boat or the necessary gear.

206. There are also a number of small saw-mills round the coast in which local fishermen may perhaps obtain employment in the off season.\* But, apart from the operations of the two Paper Companies, the only important source of winter employment is the iron-ore mine at Bell Island, where in normal times 2,200 men are engaged.† Here again, however, the men so employed have been apt to neglect the fishery, and, now that half the mine is closed and the other half is only working two days a week, they find themselves in a position of great difficulty. A number of men have also found seasonal employment in the past in Canada and the United States, principally as miners in Cape Breton and as mechanics and skilled artisans in Boston and other cities. The Newfoundlander is noted for adaptability: he can set his hand to anything and usually does well abroad. Opportunities are now, however, restricted and many men formerly resident in the United States and Canada have been forced to return to Newfoundland. These are without occupation and for the most part form a charge on public funds.

207. The depression has, therefore, had a two-fold effect. Emigration has been checked, and there is now little prospect of employment abroad, permanent or seasonal; the care of the surplus population which cannot be absorbed locally has thus fallen on the Government at the time when it is least able to support such a charge. The maintenance of returning emigrants (about 1,000) has added to this burden and, what is still more serious, the country has been deprived to a large extent of the benefit of the remittances (about \$1,000,000 a year) which those abroad were in the habit of sending to their relatives in Newfoundland. This combination of circumstances, and the reduced employment now afforded by the Bell Island mine, have had a particularly serious effect in Conception Bay which was formerly the most flourishing district in the Island.

208. Usually of good physique, the Newfoundlander is hardy and long-lived. His

tastes are simple and he is content to live plainly. Though readily adapting himself to conditions in the crowded cities of the North American continent, he treasures highly the comparative freedom and independence which he enjoys in his own country. Each man is quite capable of building his house; the sea supplies him with food, both to eat and to sell; his little plot of land provides him with vegetables; the countryside each summer is alive with wild fruit; and an occasional rabbit or duck adds variety to his fare. He pays no local rates or taxes for there is no local authority or direct Government tax; as a rule he pays no rent for he generally owns his own house and a plot of land. Taxation is indirect and he prides himself on being free from petty exactions; money is scarce; and he would indeed prefer a crippling tariff to the painful necessity of parting with hard-earned money in direct taxation, even if this meant that he would obtain his supplies at a cheaper rate. Provided that the fishing season is good and he can obtain a reasonable price for his catch, he is content, in essentials, to continue in the ways of his fathers.

209. The people generally are easy-going and law-abiding. Apart from minor offences [sic], there is little crime. Essentially individualists, they are ready to help each other in times of distress; but, in general, there is a marked absence of any community spirit. Intensely patriotic, they lose no opportunity of demonstrating their loyalty and devotion to the Throne and to the Empire; the remarkable contribution made by Newfoundland in the Great War is a matter of history. The affection and admiration with which the Mother Country is universally regarded were brought home to us with peculiar force during the course of our stay in the Island.

210. Shrewd and suspicious in their business dealings, the people exhibit a child-like simplicity when confronted with matters outside their own immediate horizon. This simplicity political candidates have not been slow to exploit. There is no system of compulsory education, but the majority have received an elementary education in the schools, provided, with the aid of a State subsidy, by the various Churches. Illiteracy, which at the beginning of the century was a serious menace, has now been reduced to small proportions. Notwithstanding these efforts by the Churches, the people have remained unprogressive. Outside St. John's, newspapers have a very limited circulation, in consequence of the difficulties of distribution, and there are no public libraries even in St. John's. In other respects, the character of the people varies in different parts of the Island. In some parts, owing to the unfortunate conditions in which they are accustomed, they are improvident and happy-go-lucky, inclining to take the line of least resistance and to wait for "something to turn up," which is a common expression among them. In other parts, owing to the example, perhaps, of some leading personality or to an inherited doggedness that refuses to admit defeat, they exhibit a perseverance and resourcefulness that compels admiration. But, generally speaking, the *vis inertiae* is strong in both St. John's and in the outports. Three years of adversity have sapped physical stamina and moral courage, and circumstances have been too strong for many who would have tided over a shorter period. Yet, in spite of the pitiable condition to which they have now been reduced, there is no doubt that the people of Newfoundland are potentially fine material of which any country in the world would be proud.

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\* See Chapter VII, paragraph 432.

† See Chapter VII, paragraph 439.

*Image description updated May, 2004.*

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## CHAPTER V.--THE PRESENT STATE OF THE ISLAND. (continued)

### Present Condition of the People.

211. Blessed by nature with an abundant fishery, which in many respects is unsurpassed, with an ample timber supply from which to build their houses, boats and fishing stages and provide themselves with fuel, and with at least sufficient land to yield them a modest crop of potatoes and other vegetables, it might be thought that the people of Newfoundland were in a better position than those of many other countries to withstand the ravages of a world-wide depression. Yet the fact remains that her condition is desperate. We propose here to analyse [sic] the causes which have led to the present tragic state of affairs.



**Outer Cove, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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212. We have already emphasized the fact that the fishery is the mainstay of the country, and shall develop this at length in the following chapter. We make no apology for doing so, since the policies pursued by successive Governments in recent years have tended to obscure this essential and all important consideration. Even in a country where the total annual yield of the fishery over a long period of years has been remarkably consistent, fishing must always be a precarious occupation. The vagaries of wind and weather, the occurrence of varying ice conditions, the hazards that are associated with life upon the sea, the uncertainty of the bait-supply and the fluctuation of prices, all these must make for good years and bad years; and, although the country as a whole may obtain the same yield from the fishery, the individual fisherman must be liable to changes of fortune. Two requirements are, therefore, essential if a country dependent on its fishery is to prosper, first, that the fishery should so far as possible be conducted on a rational and scientific basis and, secondly, that provision should be made either by individual fishermen, or by their employers, in good years to tide them over the bad seasons which sooner or later overtake them. Neither of these requirements is fulfilled in Newfoundland.

213. The various modes of fishing in Newfoundland, and the system under which the fishery is conducted, are discussed in Chapter VI. It may be noted here, however, that, from the days when the country first came to be permanently settled until the middle of the nineteenth century, the organisation of the fisheries was largely feudal. The merchants or exporters who established themselves in St. John's and other centres employed a number of fishermen to catch fish for them. These fishermen did not receive wages but were provided by the merchants, in return for their services during the fishing season, with sufficient foodstuffs and other necessaries to maintain themselves and their



families in tolerable comfort throughout the year. The merchants were shopkeepers or store-keepers as well as exporters of fish. In addition, the fishermen were supplied by the merchants with such gear, equipment and provisions as might be required to enable them to conduct their fishing operations. It was the practice of each merchant to support his own fishermen in bad times as well as good. Money did not change hands; indeed, it could have been said with truth only a few years ago that there were families in Newfoundland who had never seen money in their lives. Under this system, very similar to the old truck system in England, large fortunes were made by the merchants; the fishermen, though saved from the danger of destitution, were little more than serfs with no hope of becoming independent.

214. Vicious as was the system, it was not nearly so destructive as that which developed from it. As the population increased, the old feudal practices were gradually modified. The obligation to support the fishermen in bad times, the only virtue of the former system, became the duty not of the merchants but of the State. It was obvious that the fishermen could not conduct the fishery from their own resources, and the custom grew up under which each fishermen went to a merchant in the spring and obtained from him, on credit, supplies of equipment and food to enable him and his family to live, not for the whole year, but during the three or four months of the fishing season. At the end of the season, the fishermen returned to the merchant with his catch of fish, dried and cured, to set off against his account. The price of fish was fixed by the merchants, as also was the price of the provisions, etc., supplied to the fisherman and his family in the spring. In cases where fish was valued according to quality, the quality of the fish tendered by the fisherman was determined by a "culler" or valuer who himself was the employee of the merchant. In good years a balance was left to the fisherman, after deduction of the debt due to the merchant: this balance was paid to him in cash. In bad years the value of the fish tendered to the fisherman was not sufficient to pay for his supplies and he, therefore, remained in debt to the merchant. The balance available to him in good years was often such as to leave him with no margin after he had provided for himself and his family for the rest of the year, and the same process was, therefore, repeated in the following spring. In bad years, there was no balance at all and while in some cases, which were considered specially deserving, merchants continued to make advances to assist a man over the winter, thus adding to the burden of debt to be repaid during the ensuing year, the majority had no recourse to fall back upon and, in default of other employment, were compelled to turn to the Government for relief.

215. Under this system, which has continued, in spite of criticism and repeated warnings, down to the present day, the merchants were given three chances of making a profit, first on the supplies made to the fisherman in the spring, secondly on the sale of fish to foreign markets, and thirdly on purchases by the fisherman from his earnings of sufficient goods to carry him through the winter. The fishermen, on the other hand, who had never been given a chance of becoming independent, were deprived of the right to look to their merchants for assistance in bad times and were compelled in emergency to seek public charity. True, in good years they now handled cash instead of receiving remuneration in kind, but most of the cash went back again to the merchants in payment for winter supplies, and there was little incentive for saving when it was known that supplies for the fishery of the following year could always be obtained on credit.

216. The credit system thus came to be accepted as an essential element in the

conduct of the fishery. Very few men to-day, even if they were in a position to achieve independence, would dream of outfitting themselves on a cash basis although their supplies would be obtained much more cheaply. The great majority would regard any such procedure as speculating with their own hard-earned money; they would prefer to speculate with the merchants' money and to hoard their own at home or deposit it in a Bank.

217. The psychological effects of this system on the people are far-reaching. The merchants, instead of being looked on as friends whose co-operation is necessary if the industry is to prosper, are apt to be regarded as enemies whose sole object is to exploit the fisherman for their personal gain. In the absence of mutual confidence between producer and exporter, the industry rests on a basis of distrust and suspicion. It was pointed out in forcible language by Mr. Neilsen, Superintendent of Fisheries, as far back as 1894, that the credit system was an unmitigated evil, breeding dishonesty, extravagance, luxury, carelessness, recklessness regarding the future, want of energy, laziness and dependence among large sections of a naturally well-endowed, hardy and able people.\* Mr. Neilsen's conclusion that the gradual suppression of this system, and the rehabilitation of the industry on a cash basis, were essential to the future welfare of the country, has received confirmation from other impartial observers, but forty years have now passed and there has been no change in the credit structure. The tendencies noted by Mr. Neilsen have been allowed to continue unchecked. The merchant accuses the fisherman of dishonesty; the fisherman accuses the merchant of attempting to deprive him of his legitimate earnings. This perpetual struggle between partners in the primary industry of the country, and the unfortunate practices and subterfuges to which it has given rise, have led to the stagnation of the industry and to a blunting of the moral sense which has tended to undermine the character of the people.

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\* Annual Report of the Newfoundland Department of Fisheries, 1894, reprinted 1930, p. 46.

*Image description updated May, 2004.*

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## CHAPTER V.--THE PRESENT STATE OF THE ISLAND.

### Present Condition of the People. (continued)

218. The credit system might perhaps have disappeared without direct intervention by the Government had an attempt been made in other ways to train the people to independence. The political practices of the last 25 years have, however, had precisely the opposite effect. Politics in Newfoundland have never been such as to inspire wholehearted confidence in the ability of the people to govern themselves wisely, but there is general agreement that a process of deterioration, which has now reached almost unbelievable extremes, may be said to have set in about a quarter of a century ago. We ourselves would have been inclined to place the commencement of this process at a much earlier date, and to sympathise with the view expressed by Prowse, who writing in 1896, said that "politics and steam" had been the ruin of the middle class.\* However this may be, there is no doubt that, some years before the War, politics in Newfoundland underwent a process of "modernisation," which was responsible for the introduction into political life of methods foreign to the British tradition. These methods, while primarily designed no doubt to speed up the wheels of administration, unfortunately led to the general adoption of questionable practices which were condoned because they were said to be "smart" and "up-to-date." Any increase in efficiency was thus more than counterbalanced by the unhealthy tendencies to which the new methods gave rise, tendencies which inevitably conducted to the personal enrichment of the politician in office, and of his relations, friends and supporters, and to a general lowering of moral standards in the conduct of public business. The evidence tendered to us from all sides and from responsible persons in all walks of life leaves no doubt that for a number of years there has been a continuing process of greed, graft and corruption which has left few classes of the community untouched by its insidious influences.

219. As a general statement, it is not too much to say that the present generation of Newfoundlanders have never known enlightened government. The process of deterioration, once started, could not be controlled. The simple-minded electorate were visited every few years by rival politicians, who, in the desire to secure election, were accustomed to make the wildest promises involving increased public expenditure in the constituency and the satisfaction of all the cherished desires of the inhabitants. The latter, as was not unnatural, chose the candidate who promised them the most. This might be said of other countries, but in Newfoundland this cajoling of the electorate was carried to such lengths that, until the recent crisis brought them to their senses, the electors in many cases preferred to vote for a candidate who was known to possess an aptitude for promoting his own interests at the public expense rather than for a man who disdained to adopt such a course. They argued that, if a man had proved himself capable of using his political opportunities to his personal advantage, he would be the better equipped to promote the advantage of his constituents: an honest man would only preach to them.

220. The country was thus exposed to the evils of paternalism in its most extreme form. The people, instead of being trained to independence and self-

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reliance, became increasingly dependent on those who were placed in authority; instead of being trained to think in terms of the national interest, they were encouraged to think only of the interests of their own district. Even within a district, or a church denomination, there was no public spirit; in the struggle to secure a decent living, the average man sought only his personal advantage. The Government was looked upon as the universal provider, and it was thought to be the duty of the Member for the constituency to see that there was an ever-increasing flow of public money. Since, outside St. John's, there was no municipal Government in the Island, and no direct taxation (apart from income-tax, which was only payable by the few) the people did not pause to consider how the money was to be provided or what would be the end of this orgy of extravagance. They were content that their immediate wants should be satisfied. The politician was caught in his own meshes. As there was no local Government, he was expected to fulfil the functions of Mayor and of every department of public authority. In addition, he was the guardian of local interests, the counsellor and friend of every voter in the constituency and their mouthpiece in the Legislature of the country. Finally, under the peculiar system of administration adopted in Newfoundland, he was not only the liaison between the people and the Government but the channel through which the money voted by the Legislature for public purposes within his constituency was allocated and spent. The demands made upon him by the people increased from year to year. If a man lost his cow, he expected the Member to see that the Government provided him with another; if he had some domestic trouble, it was for the Member to put things right; if he fell ill, he looked to the Member to arrange for his removal to the hospital at St. John's at the public expense, to visit him in hospital where he obtained free treatment, and generally to see to his comfort at no cost to himself. If the wharf in a settlement fell into disrepair, the Member was expected to see that funds were provided by the Government to compensate the inhabitants for repairing it: notwithstanding that the material was to hand, that the lack of suitable wharfage was a serious inconvenience to the community, and that the necessary repairs could be effected in a few hours by willing workers, men would stand idly by and would prefer that the wharf should collapse into the sea rather than that they should repair it for their own benefit without public remuneration. The people were in fact taught to look to the Government for everything and to do as little as possible to provide for their own requirements. If the fishing was good, agriculture was neglected. If the fishing was bad, more attention was paid to the land but the Government were expected to provide the seeds for the people to plant. Roads, bridges, town halls and public buildings; all these, often superfluous luxuries, the Government, through the Member, was expected to provide and maintain. The Member on his part, knew that unless he gave satisfaction to the people, he stood little chance of re-election: consequently, he was tempted to concentrate his energy on obtaining the maximum amount of money from the Government for allocation in his constituency. When it is said that, under the system adopted, there was no adequate audit of the money so allotted, it will be appreciated what opportunities there were for waste and extravagance. With no training in citizenship, and unversed in the elementary canons of public finance, the people were unable to realise that excessive expenditure would inevitably recoil on their own heads; the Government evidently possessed or could raise the money and, if that was so, it was held to be their right to have the maximum share of it.

221. This political system, combined with the effects of the credit system in the fishing industry, weakened the fibre of the people and left them wholly unprepared for the intensive economic depression which was soon to cast its

shadow over the Island. In 1929, the price of fish was such as to yield the fisherman a fair margin of profit. In 1930, prices began to fall; in 1931, they were lower still and by 1932 they had reached the lowest level recorded in the present century. Even in 1930, the average fisherman was unable to do more than balance his account with the merchant. By the end of the season of 1932, he was hopelessly in debt to the merchant, and had been reduced to abject poverty. During the winter of 1932, no less than 70,000 persons or 25 per cent. of the population were in receipt of public relief, other than poor relief or relief for the aged poor. Such relief was distributed in kind, i.e., in rations of pork, flour, tea, and molasses of the maximum value of \$1.80 per head per month. Even at this modest rate, the amount expended in relief during the year 1932-33 was \$1,100,000 or one-seventh of the revenue of the country.

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\* D.W. Prowse, History of Newfoundland, 2nd edn., London, 1896, p. 453. cf. also pp. 530, 534-5, 550.

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## CHAPTER V.--THE PRESENT STATE OF THE ISLAND.

### Present Condition of the People. (continued)

222. As a result of three successive seasons in which the fishery yielded no return, the winter of 1932-33 found the people living in conditions of great hardship and distress. Privation was general, clothing could not be replenished, credit was restricted, and hardly anywhere did the standard rise above a bare subsistence. Lack of nourishing food was undermining their health and stamina; cases of beri-beri, a disease caused by inferior diet, and of malnutrition were gradually increasing, and were to be found in numerous settlements; the general attitude of the people was one of bewilderment and hopelessness.

223. In the circumstances, it was clear, when we arrived in the Island, that the prospect of a fourth bad season in succession could only be viewed with the most serious misgiving. Not only were the fishermen in dire straits, but the merchants had also suffered heavy losses. Newfoundland had, in fact, been brought to the edge of a financial precipice, and it was impossible to escape the conclusion that a further season in which the fishery was conducted at a loss might lead to a general collapse of the social fabric. These were, however, factors which led us to hope that the fishery of 1933 might at least show a better return to the fisherman than the fisheries of the three preceding years. Moreover, the Island had started the year well in that the annual seal fishery had been successful. A good seal fishery has two effects, material and psychological. From the material standpoint, some hundreds of fishermen realise earnings enabling them to make much needed purchases and to free themselves, at least temporarily, from the crippling effects of poverty. The circulation of the money thus made available brings immediate benefits alike to the large merchant and the small shopkeeper and improves the fisherman's prospects of securing at a reasonable figure his seasonal outfit for the main fisheries. There is a saying in the Island that a good seal fishery means a good cod fishery, and to the direct benefits received from the former must be added the psychological effects of a general restoration of confidence which act like a tonic on the whole community.

224. There was, therefore, some reason to hope, in the spring of 1933, that the bottom of the depression had been reached, so far as Newfoundland was concerned; that the downward trend of prices had been checked; and that, given a normal catch of fish and favourable weather for curing, the people might find themselves in improved circumstances at the end of the season. Moreover, the Government was making a special effort to stimulate the fishery, to educate the fishermen to the requirements of foreign markets and to encourage closer co-operation amongst the merchants with a view to the establishment of an economic system of marketing. The Government was also endeavouring to bring home to the people the imperative necessity that they should take such steps as might be within their power, such as the intensive cultivation of their farms and gardens, to supplement their resources and to provide themselves with enough to carry them through the ensuing winter on the conclusion of the fishing season. The evidence submitted to us showed that the people were responding to this appeal.



### **Collins Bay, Burin, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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225. By the end of June, however, when we had concluded our hearings, there was general agreement amongst the merchants that the market prospects for cod-fish were even less promising than they had been in the corresponding period of the previous year. Against this consideration had to be set the rise in the value of sterling. Since Newfoundland fish is sold almost entirely in sterling, the depreciation of sterling as compared with the Canadian dollar, which is the currency in operation in Newfoundland, had been equivalent to an added fall of 20 per cent. in the price of fish. The approximation of the Canadian dollar to parity with sterling was thus calculated to be of considerable benefit to the Newfoundland exporter and therefore, it was hoped, to the fisherman. Thus, on balance, it still seemed likely that the latter would obtain at least a better return from the fishery of 1933 than from that of the previous year.

226. Unfortunately, we now find that the hopes held out earlier in the year are not likely to be fulfilled. For while the improved sterling exchange has enabled merchants to offer higher prices to the fishermen, the shore-fishery, which is responsible for the great bulk of Newfoundland's annual catch, has unaccountably failed over almost the whole length of the east coast, from Cape Bauld to Cape Race, on which nearly three-quarters of the people live. The failure of the shore-fishery to this extent is almost without precedent; and the effects of this cruel blow have been intensified by the virtual failure, through lack of bait, of the fishery usually conducted in the fall. These successive disasters have left hundreds of fishermen on the east coast without means, in debt to the merchants, and with no reserve for the winter other than the small quantity of vegetables they have been able to grow in their allotments. In other parts of the Island shore-fishermen have been able to benefit both from higher prices and from the favourable weather which has resulted in an improved cure; but the failure of the fall fishery has to some extent offset their increased earnings, and it is to be feared that only in few localities will they be able to liquidate their debts to the merchants and provide themselves with necessaries for the winter. The fishery on the Banks has been successful, but the prices ruling for Labrador fish, while yielding an improved return to the average fisherman, will not, it is feared, give him a sufficient margin to carry him and his family through the winter without assistance. Taking the Island as a whole, there is no doubt that, in these circumstances, the next six months will be months of intense hardship and privation. The progressive effect of such conditions on a people already tried to breaking-point, under-nourished, without adequate clothing and easy victims to disease, cannot but arouse the most serious apprehension.

*Image description updated May, 2004.*

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## CHAPTER V.--THE PRESENT STATE OF THE ISLAND. (continued)

### The Political Machine.

227. We have given in a previous chapter a brief summary of the Constitution of the Island, and have indicated in our immediately preceding remarks the extent to which party politics, as practised in Newfoundland, have contributed to the demoralisation of the people. There are certain other aspects of the political life in the Island which we desire to emphasise.

228. It should be appreciated, in the first place, that there is now no real distinction of principle between the political parties of Newfoundland. The names of Liberal, Conservative or Tory and Labour are in use but the division is rather one of persons. Secondly, the population of the Island is so small, and its financial resources are so restricted, that the choice of political candidates is severely limited. There is no leisured class, and the great majority of the people are quite unfitted to play a part in public life. As a rule, the Parliamentary Session only lasts about two months, and it might have been thought that the necessity for attendance during this short period would not have been an insuperable handicap to the members of the commercial community. In fact, however, very few of the business men are prepared to enter politics, even though members of the Government are permitted to carry on their businesses while in office. This is not due to the lack of public spirit, but to the personal abuse to which candidates are subjected and to the feeling that, if elected, they would be suspected of being associated with corrupt dealings. A certain number of the legal profession have been ready to embark on a political career, but the professional classes generally have not responded. "Politics" have come to be regarded as an unclean thing which no self-respecting man should touch; the very word "politician" is virtually a term of abuse which carries with it a suggestion of crookedness and sharp practice. Many of the working people have a contempt for the politician. The so-called "modernisation" of politics, and the introduction into political life of men who sought to make a living out of their political activities, have been responsible for this deplorable state of affairs. At the last election, in 1932, the national danger was such that men offered themselves as candidates to whom the prospect was otherwise abhorrent. In normal circumstances, we are given to understand, it would not be possible for either party to count on the services of a greater number of candidates than would be required to fight each seat; and even this could only be achieved by lavish promises of election funds and subsequent rewards.

229. The spoils system has for years been in full force in Newfoundland. Given the conception that it is quite fair, whilst one's party is in power, to make what one can for oneself and one's friends, it is natural that in the minds of many people politics should be regarded simply as job-farming. It has been the practice for each incoming Government to side-track or sweep away all Government employees who were either appointed by or were suspected of any connection, direct or indirect, with their predecessors, and to replace them with their own nominees, irrespective of the qualifications of the latter for the particular appointments assigned to them. St. John's is a small city of some 40,000 inhabitants. The educated class, from which the administrative grade of



the Civil Service is recruited, is very small: the members of it are all known, if not related, to each other: everyone knows everyone else's business and it is a simple matter to ascertain which way any particular Civil Servant voted or, if he did not vote, what are the political leanings of his family and his relations. If he or they voted the wrong way, then, under the rules of the game, he must be deemed to have forfeited his appointment and must make way for a personal friend or supporter of the incoming Minister; although, in some cases, owing to lack of suitable personnel, Civil Servants have been permitted to continue in Government employment notwithstanding their alleged political affiliations.

230. In the case of the executive staff, post-election changes are commonly of a sweeping character with effects which manifest themselves in every corner of the Island. In such cases, the main consideration is the good will of the Member for the district concerned. Post Office and Railway employees, Customs Officials, Receiving Officers, Fishery and Timber Inspectors and Wardens, members of the Fire Control staff, Lighthouse Keepers, and even Stipendiary Magistrates; all are liable to sudden dismissal, however competent their work, as the result of a change of Government.

231. The effect of this system on the administration of the country can well be imagined. The Civil Service, with no security of tenure, is left at the mercy of the politician. Constant changes have led to a low standard of efficiency. Departments function as individuals rather than as a team; there is no cohesion, no continuity of policy and no incentive to take responsibility. Bitter experience has indeed shown that it does not pay to deal with any case, however petty, on its merits without submission to the Minister concerned; the Service has been reduced to a state of abject subservience, apathy and indifference. In such circumstances it is obvious that it cannot attract the best candidates. The young men now leaving the secondary schools would make admirable material for recruitment to the Service, but few of them have any ambition other than to make their way in the United States or Canada; to enter the service of their country under conditions which, by placing good work at a discount, could only deprive them of their self-respect, cannot and does not appeal to them.

232. It is hardly surprising that, in these circumstances, the whole machinery of Government functions on political lines. Impartial administration is unknown and hardly expected. Breaches of the law or of current regulations are apt to be condoned if they are committed by the adherents of the party in power; the latter also expect special concessions, contracts and commissions, the waiving of customs duties and other inconvenient restrictions and numbers of petty favours, small in themselves but formidable in the aggregate. The adherents of the other party are deemed to have no ground for protest since their turn will come on a change of Government. These practices in themselves cannot but lead to an unhealthy tone in public life. Their effect is intensified by the interplay of religious denominational divisions and the ramifications of family relationships.

233. It has been shown in Chapter III that up to 1861 sectarian rivalry was a marked feature of the political life of the Island; that it was the practice for each general election to be fought in an atmosphere of denominational jealousy and bitterness; and that the riots of 1861 finally led to an agreement that "all religious parties should be fairly represented in the arrangement of an administration and in the distribution of offices." This understanding has been faithfully observed since that date. The constituencies of the Island, now numbering 27, are divided equally into those which return candidates from the

Church of England, the Roman Catholic Church, and the United Church of Canada, respectively. Similarly, the Executive Council of "Cabinet," with a membership of 12, is composed of four members representing the Church of England, four representing the Catholic Church and four representing the United Church. This arrangement, while doubtless achieving the salutary object of avoiding overt rivalry between the Churches, must necessarily be a handicap to good administration. Moreover, the underlying principle of equality between the Churches has been extended and amplified in some directions and modified in others, to the detriment, it must be said, of the best interests of the country. Thus, if a member of one denomination obtains a contract from the Government, then members of the other main denominations must be selected for some compensating favour. All appointments not merely to the Civil Service but to Boards and Committees must be equally allotted. On the other hand, the Minister in charge of a Department is commonly expected to show special consideration to the members of his own denomination, and here the principle of equality of treatment takes a different form.

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## CHAPTER V.--THE PRESENT STATE OF THE ISLAND.

### The Political Machine. (continued)

234. It might have been expected that the influence of the Churches, so strong in Newfoundland, would have acted as a check to political malpractices. It is clear from our investigations that this is not the case, and we have reluctantly come to the conclusion that the denominational divisions, of which the people are daily reminded, so far from exercising a beneficent influence in the direction of cleaner politics, have failed to check, if indeed they have not contributed to, the general demoralisation. For members of successive Administrations have been led, consciously or subconsciously, to place the interests of particular sections of the Church before the good of the country as a whole; and the desire to serve those interests, and to promote the welfare of the individual members of the same denomination, has conduced to a disregard of the proprieties which would never have reached such proportions had Newfoundland been united in one religious community, or if sectarianism had not assumed such political influence.

235. In short, public life in Newfoundland is confused by many obligations, political, denominational and domestic; in the gratification of these, the obligations of good government are apt to be ignored.

236. It has been the rule rather than the exception, in these circumstances, that members of an Administration and their supporters should obtain what benefits they could during the party's tenure in office. It is safe to say that under no other system would it have been possible for the budget to remain unbalanced for twelve successive years and for a public debt to be amassed the interest charges on which, without provision for sinking fund, amount to over 50 per cent. of the average annual revenue of the country. We have good reason to think that by 1928 it was appreciated in Government circles that the country was rapidly approaching insolvency. Yet there was no modification of policy. Further external loans were raised in 1928, 1929 and 1930, although the financial houses negotiating the loans knew or could have known of the financial plight of the Dominion; and the Government affected to be surprised and pained when an attempt to raise an even larger loan in 1931 had finally to be abandoned owing to lack of tenders. The manner in which the budget deficit of that year was eventually liquidated has already been recounted.

237. This continuous process of misgovernment has increased the burden on the fisherman and on the poorer members of the community until it is now insupportable. As expenditure increased, so was it desirable that revenue should be increased, in order that there might not be too large a gap to be bridged from loan funds. Customs duties were therefore raised. No scientific plan was adopted, but a series of ad hoc increases was brought into force by a succession of financially embarrassed Governments. When the depression set in and revenue fell, taxation had further to be increased and customs duties were once more raised. Previously it had been the practice to admit free of duty certain of the goods, such as petrol for fishing boats, salt and flour, which might be said to form the raw material of the fisherman. In the desperate endeavour to raise

additional revenue these were now taxed, though petrol was made subject to a rebate if used in fishing vessels. The fisherman, the producer of the wealth on which the stability of the Island depends, is now in the position of having to pay exorbitant prices for his supplies, that is, food, clothing, fishing gear, etc., while receiving at the same time a very low return for his catch. We are satisfied that the point has now been reached where the tariff presses with undue hardship on the poorer classes and constitutes a serious handicap to the rehabilitation of the fishing industry in the face of foreign competition. In other respects, too, there appears to be reason to believe that duties are now so high that the law of diminishing returns has begun to operate. The conclusion is inescapable that the tariff urgently needs readjustment on a scientific basis, and we are glad to know that the Government of Newfoundland is seeking expert advice with this consideration in mind.

### **Dissipation of Natural Resources.**

238. A further aspect of life in Newfoundland which cannot fail to impress the detached observer is the reckless manner in which the resources of the country have been dissipated. Of Newfoundland's total area of 42,000 square miles, some 25,000 square miles are forest lands, of which some 15,000 square miles are either owned by or leased to the two Paper Companies, the Anglo-Newfoundland Development Company of Grand Falls and the International Power and Paper Company (of Newfoundland) Limited of Corner Brook. The balance, including some of the lands which were originally awarded to the Reid interests under various contracts for railway construction and operation, is mostly held by private individuals. In cases where tenure is by licence from the Crown the annual rental is \$2.00 per square mile. In very few cases have the individuals in question made any attempt to develop their land; in almost every instance the land is held purely for speculative purposes. Great hopes have been entertained that a third paper mill might be erected by foreign interests in the Gander Valley; it is possible that but for the depression these hopes might have been fulfilled. In such an event, the greater part of the land not now held by the two existing Paper Companies would probably be required by the new company and the holders of the land would expect to be bought out at a handsome price. The prospects, too, of mineral developments following the discovery of the Buchans mine have proved an added incentive to the speculative holding of undeveloped lands. We cannot avoid the conclusion that the continuance of such a state of affairs is not in the national interest. The right principle is that lands which are capable of being put to commercial use should either be operated by the licensees or surrendered to the Crown or that an annual tax be paid during the period in which they are not operated.



**General View of Placentia, looking Southwest, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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239. Newfoundland has always been anxious to attract outside capital. The low earning power of the people, the general loss of confidence which followed from

the failure of the Banks in 1894, and the tendency of successive merchants to retire with their fortunes to other countries have all militated against local investment and local enterprise. Although Newfoundlanders are intensely proud of their country and its potentialities, there seems to be a generally accepted belief that it is too much to expect foreign companies to undertake schemes of development in the Island unless they are granted concessions. This may be the case to-day, but it was not always so; the belief has been fostered by politicians who have not been slow to turn it to their personal advantage. They were well aware that the greater inducements that could be offered to outside interests without offence to public opinion, the greater would be the scope for remunerative negotiation with such interests. The question of attracting outside capital has thus been approached from the wrong angle; the fact that there can be no more powerful attraction to capital than good government has been either overlooked or ignored. In the absence of good government, inducements are doubtless required, and a point is finally reached when the interests attracted are those represented by concession-hunters and speculators, and reputable concerns are repelled. This is what has taken place in Newfoundland, where ever-increasing inducements have been offered to capital until to-day few promoters would dream of undertaking any enterprise in Newfoundland without being assured first of such concessions as substantial free grants of land, free entry for his goods either indefinitely or for a prolonged period of years, and exemption from taxation and other restrictions. Had attention been concentrated on improving the standard of government instead of on increasing these artificial inducements to the entry of capital, it is safe to say that there would have been a greater degree of development at a much lower sacrifice of revenue to the Exchequer. For, under the present practices, the interests encouraged in recent years have not been of a sufficiently solid character to enable their enterprises to be pursued with success, while the concessions granted to such companies as are engaged in useful activity in Newfoundland have deprived the Exchequer of a valuable source of revenue.

*Image description updated May, 2004.*

## CHAPTER V.--THE PRESENT STATE OF THE ISLAND.

### Dissipation of Natural Resources. (continued)

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240. Unless this process is checked, similar results may be expected to follow in Labrador, which promises to become a favourite resort for concession-hunters. The situation in Labrador will be dealt with in a later chapter.\* It will suffice to note here that no less than 12,000 square miles of timbered areas are held by companies and individuals under licence from the Crown at petty rentals and that, to the detriment and loss of the Dominion, none of these areas are at present being worked by the licensees.

241. In other ways the dissipation of national resources has proceeded apace. The two Paper Companies have instituted, in their own interests, efficient fire-control services in their respective areas of Newfoundland, but in the remainder of the Island the arrangements for combatting forest fires, though greatly improved of recent years, still leave much to be desired. Such fires are of frequent occurrence and the damage done each year is considerable. There is no reforestation. These areas are now nearly all in private hands with the exception of the "three mile limit" which is still the property of the Crown.

242. The land within three miles of the sea has been reserved for the use of the people. No adequate care is, however, taken to ensure that the timber on the three mile limit is properly conserved. There is no supervision of cutting by the fisherman, who is free to help himself to the timber he requires for his own purposes. The careless felling of trees leads to much unnecessary damage; much of the wood is wasted and left to die on the ground and, while preventing new growth, is an aid to forest fires. The result is that some parts of the coast line, which were formerly well-timbered, are now treeless. Further abuses spring from the practice of permitting the erection of saw mills on the three mile limit. These mills are erected and worked by private individuals and companies, under licence from the Crown, partly with the object of meeting the requirements of the local fishermen, but mainly in order to admit of the continuous supply of timber to the more populous centres and especially to St. John's. The operations of these mills are in theory subject to supervision, but the primitive methods under which they are conducted have, for political reasons, been allowed to continue unchecked. The need for scientific advice on the question of conserving the forest resources of the Island is a matter requiring urgent attention.

243. The depletion of the game resources of the Island is another example of the unfortunate consequences of unenlightened government. Newfoundland was formerly the home of large herds of caribou; moose, when introduced, multiplied rapidly; and experiments have shown that the country is well suited to reindeer. As the interior of the Island is largely uninhabited, there is no good reason why herds of caribou and moose should not have continued to flourish and to provide the inhabitants with plentiful supplies of meat and skins. The killing instinct is, however, highly developed in Newfoundlanders and, once the railway had been built across the Island, giving easy access to the interior, destruction proceeded at such a rapid rate that to-day these animals are in danger of complete extermination. A close season for caribou and moose has nominally been in force

for some years, but the Game and Inland Fisheries Board has been denied the staff necessary to enforce it and, though we were given to understand that prior to the depression the herds were on the increase, there is no doubt that they have been subject to wholesale slaughter during the last two years. There are some observers, indeed, who assert that the close season has served to accelerate rather than to check the rate of destruction. They point out that, when the season was open, a man who killed an animal in the forest brought it out whole, and kept the meat in a frozen or salted state to be used as required; now that there is nominally a close season, it is the common practice for a man to content himself with cutting off as much of a freshly killed animal as he can smuggle out of the forests without risk of detection, leaving the rest of the carcass to rot. When the meat so procured has been consumed, another visit is paid to the forests and the same process is repeated.

244. Similarly, the experiment with reindeer which was carried out by Sir Wilfred Grenfell in the north of the Island proved at first highly successful, but when the herd had increased from 300 to 1,500, the greed of the inhabitants, and their instinctive desire to kill any animal on sight, could no longer be restrained. Within a few months four-fifths of the animals had been slaughtered, and the experiment had to be abandoned.



**Port Saunders, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (47 kb)

245. The interior is admirably suited also to furbearing animals such as beaver, otter, minx and fox. Beaver, once flourishing, are now almost extinct and the other animals have been reduced to small proportions. Had a scientific policy of conservation been adopted, the country would have been assured of a welcome source of revenue.

246. But the neglect of these and other opportunities is of less moment than the consistent neglect of the fishery. An attempt was made shortly after the War to modernise the fishing industry and comprehensive regulations were issued with a view to the improvement of existing methods of catching, curing and marketing; these regulations were, however, linked with an endeavour to fix prices in foreign markets. When this failed, the scheme was brought into disrepute and the regulations were finally withdrawn. From that date until the onset of the depression, the policy of successive Governments was directed towards industrial expansion. The establishment of the Corner Brook Mill in 1923 gave encouragement to exaggerated notions of the potentialities of the Island. The opening of the Buchans mine; the decision of the Judicial Committee of the Privy Council confirming Newfoundland in the sovereignty of Labrador; and the prospects of attracting tourists from the neighbouring continent and from the United Kingdom all led the people to believe that a new era had begun. The fact that the fisheries were, and must remain, the basis on which the Island's economic structure rests, was overlooked. Lavish expenditure on any object but the fisheries was considered justifiable. Loans amounting to over \$50,000,000 have been raised since the War; it is safe to say that, of this vast

sum, less than \$1,000,000 has been devoted to the stimulation of the fishing industry. For a period of twelve years, until the depression overtook them, successive Governments indulged in a prolonged gamble with public funds, in the course of which the debt of the country was doubled, its resources dissipated and its true interests neglected. A dispassionate survey reveals that none of the objects so financed has proved remunerative; the gamble has in no case succeeded. The new edifice which the people imagined was in course of erection has been shown to have been founded on sand, and the period has closed in disillusionment and distress.

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\* Chapter VIII, paras. 519-529.

*Image description updated May, 2004.*

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## CHAPTER VI.--THE FISHERIES.

### I.--DESCRIPTIVE AND EXPLANATORY.

247. Newfoundland's cod fishery is world-famous and has been the mainstay of the Island since it first came to be permanently settled. For many years the whale and seal fisheries closely rivalled it in importance, but now the whale fishery has almost entirely ceased\* and the seal fishery has fallen off; in the present year only 6 ships with a complement of 1,122 men went to the seal fishery, as against 323 ships manned by over 10,000 men in 1851. Apart from the seal and cod, the waters of Newfoundland yield an abundant harvest of fish which are in commercial demand, notably salmon and lobster; while plentiful supplies of herring and caplin provide bait for the cod fishery. Formerly there was a considerable export of herring, but in recent years the popular demand has fallen off. Both herring and caplin, however, are probably capable of further commercial exploitation. Smelts, halibut, haddock, and turbot are also caught. Indeed, the fisheries of the Island, including for this purpose the deep sea fishery on the Banks†, mostly 100-150 miles off shore, contain nearly all the varieties of fish found in the colder waters of the northern hemisphere, and the consistency of yield, measured by the total annual catch on all parts of the coast over a long period of years, is unsurpassed in any country in the world. Full advantage has not yet been taken of these resources, and there is little doubt that, by the introduction of modern methods of catching, curing and marketing, by the development of subsidiary products, the fisheries could become an increasing source of wealth to the Island.



**Hauling Caplin, Torbay, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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### The Seal Fishery.

248. Though the seal fishery is now of little economic importance, it has occupied such a prominent place in the past and has established such a hold on the imagination of the people that we feel bound to make a brief reference to it. The fishery takes place in the early spring and is thus the first fishery of the year. It is conducted by locally-owned steam vessels specially built for cutting their way through the ice. Some 150-200 men are carried on each vessel, the men outfitted by the owners and receiving, in lieu of wages, a bonus proportionate to the value of the catch. The seals are hunted over the ice to the north-east of Newfoundland and in the Straits of Belle Isle, and the vessels are usually away six weeks or two months. The fishery has gone on since 1742, and formerly attracted large numbers of schooners from all over the Island. Steam was first used in the fishery in 1864, and the sailing vessel has since been entirely displaced. Since the middle of the last century, when about 700,000

skins were brought in yearly, the fishery has gradually decreased in importance and the number of skins obtained has not exceeded 250,000 in any year since 1919. As will be seen from the following figures, seal oil and skins now form only a small proportion of the Island's total exports.

Year	No. of steamers	No. of men	Total value of seal oil and seal skins exported \$	Percentage of Island's total exports.
1919	10	1,719	1,282,893	3.5
1920	9	1,583	432,684	1.3
1921	9	1,264	396,357	1.8
1922	11	1,441	381,660	2.0
1923	8	1,224	334,113	1.6
1924	8	1,227	487,728	2.5
1925	11	1,564	669,809	3.0
1926	12	1,648	419,040	1.6
1927	9	1,634	619,394	2.6
1928	12	2,200	938,214	2.9
1929	14	2,323	866,812	2.4
1930	18	2,320	616,860	1.6
1931	10	1,324	461,625	1.4
1932	4	731	150,194	0.6
1933	6	1,122	328,371	1.5

249. The fishery this year exceeded expectations, and the earnings thus gained by the fishermen gave a stimulus to local business at a time when it was badly needed. A good seal fishery is said to presage a good cod-fishery, but on this occasion, as will be seen later, the high hopes with which the Island entered on the cod-fishery have only partially been fulfilled.

250. The seals hunted are of two species, harp seals and hood seals. The latter herd on the seaward side of the former, and harp seals therefore form the bulk of the catch. The decline in the numbers caught has given rise to many speculations as to the future of the fishery. Some sealers hold that there are annually about 200,000 young of harp (whitecoats) on the ice; others, that the herds are inexhaustible. The latter maintain that the sealing vessels only come into contact with small herds and that there is a central or main herd somewhere out of reach. Experimental flights by a "spotting" aeroplane have failed to establish the existence of such a main herd. It is sometimes urged that too high

a proportion of young seals is killed. These cannot escape and are easily clubbed; while the older seals, more difficult of approach, are shot with rifles. A close season of three years has been suggested for the scarcer hood seals.

251. These and similar questions demand more scientific study than has yet been given to them. If there exists a main herd of seals, then the fishery should be more actively conducted. Alternatively, if investigation proves that the supply is being depleted, then a close season for a period of years should be instituted. The Government has no funds available for the purpose of such an investigation, but we suggest that conditions in the seal herds might prove a suitable subject of exploration by an expedition such as those periodically organised by the Universities in the United Kingdom and the United States for scientific enquiries in northern latitudes. Contributions to such an expedition would doubtless be forthcoming from the mercantile firms which engage in the fishery.

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\* In 1930, the catch amounted to 319 whales, resulting in 13,200 barrels of whale oil, and 11,560 sacks of guano. Appendix to Journal of House of Assembly, Newfoundland, 1931 (Board of Trade Report), p. 534.

† See para. 253.

*Image description updated May, 2004.*

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## CHAPTER VI.--THE FISHERIES.

### I.--DESCRIPTIVE AND EXPLANATORY. (continued)

#### The Cod Fishery.

252. As will be seen from Map No. 5, the cod-fishery is divided into (a) the Bank fishery, (b) the Shore fishery, and (c) the Labrador fishery. Newfoundland's total annual catch of cod averages 1,500,000 dry quintals or hundredweights, of which about 200,000 quintals are consumed locally. Of the total catch, the Bank fishery produces about 100,000 quintals and the Labrador fishery about 320,000 quintals. In late years, however, the catch on the Labrador coast has been below the average.

#### St. Peter's Bay and Lewis Inlet.

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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#### THE BANK FISHERY.

253. The Bank fishery is conducted on the Grand Bank of Newfoundland, 50-300 miles to the south-east of the Island; and on Green Bank, St. Pierre Bank, Banquereau, Sable Island, Misaine and St. Anne Banks (see Map No. 5). The fishing, which is entirely on the high seas, is shared with four other countries--Canada, France, Spain and Portugal. The Bank fishery is historic in that the grounds have been regularly fished by vessels from Europe ever since Cabot's discovery of the Island in 1497. For numbers of years the Banks were looked upon almost as the special preserve of the Bristol and West of England fishing fleet, which used annually to visit the North Atlantic in the summer months, drying their fish along the shore of Newfoundland. It was, indeed, the jealousy with which this prolific fishery was regarded in the west of England which was responsible for the ban placed during the sixteenth and seventeenth centuries on the colonisation of the Island.\* The fishery is not now visited by vessels from the United Kingdom, which have been replaced by local schooners, but large numbers of vessels, among them stern trawlers with refrigerating equipment, set out from France each year to fish on the Banks, and these are responsible for nearly three-quarters of the total quantity of fish caught.

254. The fishery is conducted from Newfoundland by schooners of up to 150 tons, known as "Bankers," carrying a complement of 20-24 men and 10-12 dories. Three voyages are made to the Banks, in the spring, early summer and fall, the bait used being herring, caplin and squid respectively. Each voyage lasts about a month and about 1,500-1,750 quintals per schooner would be considered a good catch or "voyage." The method of fishing is for a schooner by

means of its dories to pay out long lines in various directions, each line carrying, say, 1,000 hooks. The line is periodically lifted, and the fish having been secured, is rebaited and the process repeated. When the possibilities of one ground have been exhausted, the vessel moves on to another ground.

255. The hazards and hardships endured by the isolated dory-men are legendary. Gales of wind, rough seas, rain, fog and even a liability to be run down by shipping, these are all in the day's work. Cut off from their mother-ship, some 100 miles from shore in the open Atlantic, in a tiny craft without power and with only an emergency sail, they must fend for themselves as best they may. It is possibly the severe conditions associated with this primitive method of fishing which is partly responsible for the gradual decrease in the number of vessels engaged in the Bank fishery, profitable though it is. In 1888 there were at work some 330 "Bankers," coming from all parts of the Island, and carrying some 8,000 men. To-day it is estimated that only about 40 banking vessels, carrying at most 1,000 men, regularly engage in the fishery. These come almost exclusively from ports on the south coast, such as Grand Bank and Burin. The east coast is to-day practically denuded of vessels capable of braving the open Atlantic.

256. The fish caught on the Banks are gutted, washed and split on the vessels and then put into what is known as "salt-bulk," viz., they are stowed in the hold in a heavily salted condition without being dried or cured, the salt acting as a dehydrating preservative. On the return of the vessel to Newfoundland the fish are sold to merchants for export to foreign markets. In some cases fish are exported in "salt-bulk"; in others, they are dried and cured on shore prior to export.

#### THE SHORE FISHERY.

257. This takes place all round the coast of Newfoundland. As the temperature of the water rises, so the fish move nearer to the land, until finally in June they come right in-shore, following the caplin which comes in to spawn about the end of May. The caplin, a small and active fish of the smelt family, is a favourite food of the cod. These fish arrive in millions each year, apparently accompanying water of a minimum temperature of 39° to 40° Fahrenheit, and spawn in the sea down to a depth of 40 fathoms. After spawning they are exhausted and inert and in the first half of June the waters lapping the shore are so full of them that they can be taken out by the bucketful. In this condition they are an easy prey for the cod.

258. The regularity with which the caplin arrive in-shore, and the practical certainty that they will be followed by the cod, have induced many fishermen to rely solely on the shore-fishery as a means of livelihood. This is at once the easiest and, in successful years, the cheapest form of fishing; easiest because a man may stay at home and conduct his fishing within a mile or two of his house and cheapest because only a small boat is required and, if trap-nets are used, bait can be dispensed with.

259. In theory, there is no reason why the shore-fisherman should not, like the fisherman on the Banks, enjoy three separate spells of fishing each season; first, when he knows the fish are running only a few miles from land; second, when they arrive in-shore following the caplin; and third, when in the fall of the year

they again visit shallower waters in the squid season. In practice, however, few shore-fishermen make any attempt to start fishing before the caplin arrive. If they then make a good catch, they are apt to neglect the fall fishery, which in any case is often hindered by lack of bait. Thus, as a general rule, the in-shore fisherman relies very largely, if not almost wholly, on the fishing of June and July for his annual catch.

260. Originally shore-fishing was conducted solely by what is known as the "hook and line" method, i.e., by hand lines from small boats carrying two or three men. This method has been gradually, though not yet entirely, replaced by trap-nets, which resemble a large cage set in the sea with a small entrance on the shoreward side. Into this entrance the fish are led by leaders--long perpendicular walls of net set at the depth best calculated for the purpose. No bait is required. The nets are set off-shore at places where the fish are most likely to be running and all that is necessary is to visit them twice a day to secure the catch. Formerly, the fisherman relied solely on sail and oar for visiting his traps; to-day nearly every boat is fitted with a motor engine which, though adding to fishery costs, enables a wider area to be covered.

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\* Para. 200.

*Image description updated May, 2004.*

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##### THE SHORE FISHERY. (continued)

261. Large catches are frequently made by trap-fishermen but the method has its disadvantages. In the first place the outfit is expensive and needs constant repair; secondly, as the net is fixed at a given spot, it is a gamble whether the fish will come into it, and catches in consequence are liable to be either too large or too small. If more fish are caught than the fisherman and his family can conveniently handle, the cure is likely to be spoiled and the fisherman will derive no higher return than he would obtain for a much smaller quantity of fish properly cured. On the other hand, it may be that once in a while, from some unknown cause, the fish will not come so far in-shore as to run into the traps: in such seasons, the trap fishermen, without the gear or bait for other methods of fishing, are apt to be left with an insignificant catch. This is what has happened during the 1933 season on almost the entire stretch of the east coast from Cape Bauld to Cape Race. Reference will be made later to this weakness in the present system.

262. The shore-fishery accounts on the average for three-quarters of the entire catch of Newfoundland; of the catch of the shore-fishermen, by far the greater part is obtained by trap-fishing. The fishery in the fall is not conducted by means of traps (since the fish do not run quite so close to shore, and in any case the weather is too stormy for traps) but by motor-boats using bultows, long lines with hooks set at intervals in the sea-flow. This fishery produces the best fish, since in the fall the fish have recovered from the effects of the spawning season and have fattened by their summer diet. Their texture is firm and thick and their livers are rich in oil. It is often said that a good fall fishery makes all the difference in making the fishery pay, but the fact remains that it is not prosecuted energetically, while in recent years the notion has gained ground that squid is the only suitable bait. The occurrence of squid cannot be relied upon, and in those localities where it is not easily procurable the fall fishery is apt to be entirely neglected.

263. The distinguishing features of the shore-fishery are that it is an "individual" fishery, i.e., that it is prosecuted by individual fishermen spread round the Island's 6,000 miles of coastline; that it is the easiest type of fishery since it is conducted by fishermen from their homes in small boats which they build themselves; and that it is as practised a short-season fishery, at best lasting for four months, from June to October, and sometimes for a few weeks only in June and July during which period the fish may only be running in large shoals for a fortnight. Yet it is to this very short season that the average fisherman looks to obtain earnings which will maintain himself and his family for the rest of the year.

264. As a general rule, the fish caught by the shore-fisherman are dried and

cured by the fisherman himself. When brought to shore, the fish are gutted, washed, split and lightly salted; they are then put to dry in the open air on wooden "stages" or "flakes" which are carpeted each spring with freshly-cut spruce-boughs. These stages or flakes are built so that the air can reach the fish from above and below and the drying process usually lasts about five or six days. Under this system, the weather is a determining factor in the cure. Good, drying weather consists of a bright, but not too warm, sun and a gentle breeze. Hot weather is apt to produce sun-burn--i.e., cooking--and to spoil the cure. Sunless days with mist or humidity in the atmosphere are what the fishermen most dread; a spell of such weather when the fish are being dried robs them of all prospects of a good cure. Even slight rain quickly spoils lightly-salted fish and they are accordingly covered up when rain is threatening. The fisherman may not be able, therefore, to put his fish out to dry every day; he must use his discretion according to the prospects of the weather and the stage to which the cure has advanced. On the other hand, as the fish are only lightly salted, they cannot be kept under cover for very long and, if the weather fails to improve, the fisherman must put his fish out and resign himself to making what cure he can. The cure thus varies not only in accordance with the ideas, ability to forecast the weather, character and intelligence of the individual fishermen but also with the climatic conditions prevailing in different localities.



**Little Bauline (Southern Shore), n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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265. A small quantity of the fish, when cured, is kept by the fisherman for winter consumption. The remainder is sold, usually to a local merchant, for export to foreign markets. The local merchant either exports the fish himself or re-sells them to one of the large exporting houses in St. John's. In some cases the latter also take fish direct from the fishermen. The present system under which fish are bought and sold is explained later.

#### THE LABRADOR FISHERY.

266. The prolific fishery on the Labrador coast is a great asset to Newfoundland. Fishing usually begins in July, when the ice has left the coast, and may last until October. It is conducted both by settlers in Labrador, who live there all the year round (there are about 800 such families), and by numbers of fishermen from Newfoundland who visit the Labrador coast in the summer. The annual catch averages 320,000 quintals.

267. Those permanently settled in Labrador fish from the shore in much the same way as the shore-fishermen in Newfoundland. The fishermen visiting the coast for the summer months are divided into two classes, those who fish from schooners, or "floaters", and those who fish from the shore, known as "stationers." In recent years the numbers of the former have decreased while the numbers of the latter have increased. The schooners favoured are locally built softwood schooners of about 50-70 tons, carrying about 10 men who, like those



on the Banking vessels, fish as a team. These schooners follow the fish and have little difficulty as a rule in making a good catch or "voyage," which may be put at a minimum of 1,000 quintals per schooner. The fish when caught are gutted, washed, split, heavily salted and stowed in the hold until the catch is complete. When sufficient fish have been caught, or at the conclusion of the season, the vessel returns to Newfoundland, where the fish are cured for export. This is done either in the vessel's home port, where the catch is divided for curing among the families of the crew, or at a station for artificial curing near Bonavista, which was erected specially for the purpose a few years ago by the Monroe Export Company of St. John's. There is need for another curing station of this type. In the former case the fish are not sold to an exporter until they have been cured; in the latter, the fish are sold to the Company direct from the vessel.

268. "Stationers", or fishermen who fish from the shore, work in two's and three's in small boats which are left permanently on the coast. These men leave their homes in Newfoundland at the beginning of July and travel to the Labrador coast on board one of the coastal steamers owned and operated by the Newfoundland Railway. Necessaries such as food, salt and gear are obtained on the coast either from local stores or from supply vessels which visit the coast for the purpose. So equipped, the fishermen, in their selected spots, with roughly built wooden huts and stages, conduct the fishery in much the same manner as the shore-fishermen in Newfoundland. The fish, when caught, are brought to shore to be dried and cured but, as little attention can be given to them owing to the time occupied in the actual fishing, they are heavily salted and so differ from the Newfoundland shore-fish, which is only lightly salted. When cured, they are disposed of to a collecting vessel, a system which has given rise to many difficulties and is partly responsible for a deterioration in the quality of the cure. In many cases, owing to a scarcity of timber, fish are dried not on stages but on rocks or any suitable flat space. In such cases the air cannot get to the fish from underneath and the cure suffers. There is also a tendency, both among "floaters" and "stationers", either to use too little salt or to use it in irregular quantities. The risks run from climatic conditions are intensified by these methods, and it may be said that the lack of attention on shore, the neglect in some cases to provide good drying stages, the use of an insufficient quantity of salt, and the tendency to dispose of fish to a collecting vessel whenever opportunity offers, even though such fish may not be fully cured, are weaknesses in the present system which have combined to reduce the quality of Labrador fish.

*Image description updated May, 2004.*

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##### THE WINTER FISHERY.

269. This is strictly a "Bank Fishery" since it is prosecuted on the small banks off the western portion on the South coast, which is free from ice all the year around. The fishery is not, however, included in the Bank Fishery, since the vessels engaged in it are not true "Bankers"; they are more nearly akin to the Labrador schooners. The fishery is of small proportions, but it is a great asset to the inhabitants of the Burgeo district where a lack of suitable soil on the immediate littoral makes cultivation of the land impossible. The disadvantages suffered by the people in this part of the Island, in being unable, in near proximity to their homes, to raise garden produce for winter consumption, are offset by the advantages of being able to catch fish throughout the year.

##### THE CREDIT SYSTEM.

270. We have explained in the previous Chapter,\* that the fishery has never been conducted on a cash basis. Emerging from the old feudal practice under which the merchant, who was at once a store-keeper and an exporter of fish, employed a number of fishermen to catch fish for him and provided them in return with sufficient necessaries to maintain themselves and their families throughout the year, the fishery in all its branches--Bank, Labrador, and Shore--has been conducted during the last century on what is known as the credit system. This system, and the effect which it has had both on the welfare of the industry and on the character of the people, have already been fully described.† It is sufficient to note here that for many years it has been the almost universal practice for each fisherman in the spring to approach either a local merchant or one of the large mercantile houses in St. John's with a view to obtaining, on credit, sufficient supplies of gear, salt and provisions to enable him to conduct his fishery operations and to maintain himself and his family during the fishing season. Having obtained these "supplies", or "outfit" as it is called, he is then in a position to start fishing. At the conclusion of the season, he takes his fish, dried and cured, to the merchant as a set off against his account. In theory, it is said that the fisherman is under no obligation to take his fish to the merchant who outfitted him and that the latter is quite content so long as he receives the cash equivalent. In practice, however, the fisherman has found that it pays him to deal throughout with the same merchant, since the advantage of any more favourable price which he may succeed in obtaining elsewhere is apt to be discounted by the difficulty likely to be experienced in obtaining, except at almost prohibitive rates, an outfit for the ensuing season. Should any balance be left to him, after accounts have been squared with the merchant, it is paid to him in cash, or he is given a voucher enabling him to take up, at the merchant's store, goods to the value of the surplus. From this he has to provide himself with winter supplies. Should either the quality or quantity of his fish be such that he

is unable to discharge his obligations to the merchant, he remains in debt, is prevented from obtaining winter supplies and, unless he should be fortunate enough to obtain winter employment, has no alternative but to claim public relief. This is a system so vicious in theory and so damaging in practice that a determined attempt must be made to alter it. The habit is now so deeply engrained, both among the merchants and among the fishermen, that the alteration can only be effected gradually. Even so, difficulty may be experienced. The problem must, however, be squarely faced and tackled. The credit system has been criticised by every impartial observer for the last 50 years, its weaknesses exposed and its subtly destructive influences pointed out. It is not too much to say that the fishery can never prosper, or indeed be fully developed by Newfoundlanders, while the present system lasts.

**Rencontre, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (45 kb)



271. The cost of outfits varies in accordance with the type of fishing in view. The cost of outfitting a banking vessel would be about \$3,000 exclusive of gear, bait and allowances to the families of the crew. For these items, \$500, \$600 and \$4,000 respectively would be required, thus making the total cost about \$8,000. Many of these vessels are now operated by companies, the captain and crew receiving in lieu of wages a bonus proportionate to the total catch. In cases where the vessel is owned and operated by an individual fisherman, the latter is responsible for obtaining the necessary outfit from the merchant, including salt for the entire catch and provisions for the crew. The value of the catch is then divided into two, one half being allotted to the vessel (i.e., to the captain, or owner), the other half, one share goes to the captain. Thus, in the case of a vessel carrying 20 men, exclusive of the captain, the latter receives  $\frac{1}{2} + \frac{1}{42}$  of the total value of the catch, out of which he must square accounts with the merchant, while each of the men receives  $\frac{1}{41}$  of the value of the catch.

272. The same procedure, *mutatis mutandis*, is adopted in the case of Labrador schooners; these seldom carry more than 10 men, the season is shorter and the catch and cost of outfitting are proportionately less. A Labrador schooner could probably be outfitted for the season at a cost of about \$1,100 to \$1,200. The men engaging on a banker or a Labrador schooner on this basis are known as "sharemen."

273. The cost of outfitting a shore-fisherman depends largely on the type of gear required. Trap nets complete with moorings cost from \$400 to \$2,000 each according to size, a hook and line outfit about \$70. Bultows are priced at \$10 each. Salt and gasoline are heavy items in a fisherman's costs. In addition, he requires rubber boots and suitable clothing, and provisions for himself and his family. The annual outfit of a shore-fisherman working alone would probably amount to \$100. With three or four men working together the cost might be reduced to about \$75 a head.

274. A good catch for a shore fisherman would be about 30 quintals. The

average price last year for shore fish was less than \$3.00 a quintal, or less than \$90.00 for 30 quintals. It will thus be seen that no margin was left to the average fisherman, who was indeed fortunate if he was able to balance accounts with the merchant: in most cases, as a result of three successive seasons of low prices, the end of the 1932 season found him hopelessly in debt to the merchant. The price of shore fish has risen during the last few months and it is thought that the average price paid to the fishermen in 1933 may reach \$4 a quintal. This advantage is, however, to a large extent discounted so far as the Island generally is concerned, first, by the virtual failure of the fall fishery all over the Island through lack of bait. Now that the season has closed, it may be said that only in a few localities has the shore-fishing been remunerative; over large stretches of the Island men have sunk deeper in debt and hundreds of men who have made a stubborn fight again[st] odds to maintain themselves and their families without public relief will be forced on to the dole during the winter. The Bank fishery alone has done well. Better prices have been received for Labrador fish but these, while giving the fisherman a margin, are not likely to yield him a sufficient return to enable him to maintain himself and his family for the eight months until the season opens again.

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\* Paragraphs 213-216.

† Chapter III, para. 89; Chapter V, 213-218.

*Image description updated May, 2004.*

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##### THE CREDIT SYSTEM. (continued)

275. Two aspects of the working of the credit system must here be noticed in amplification of the description given in the previous chapter. The first is the procedure adopted by the merchants in buying fish from the fisherman; the second, the penalisation of the good fisherman who is careful in the cure of his fish, in favour of those who are less careful.

276. In the past, two methods have been in vogue in assessing the value of a fisherman's catch, the "correct" system and the "talqual"\* system. Under the former system it was the practice for a fisherman to bring his fish, dried and cured, to the merchant; the latter then had them spread out and "culled" or valued by a culler, who separated the fish into piles according to his judgment of the quality, a different value being assessed for each quality. The culler was under oath to do justice in his assessment; instead, however, of being an independent man, he was an employee of the merchant buying the fish. Unless, therefore, he gave satisfaction to the merchant, he was in danger of losing his livelihood. It is obvious that in these circumstances the scales were heavily weighted against the fisherman.

277. None the less this system was far preferable to that which developed from it as a result of the War, when prices were so high and local competition so keen that merchants were willing to take any fish they could get. During the War years, quantity rather than quality became the ruling consideration; the "cull" was therefore dispensed with and fish were brought on what is known as the "talqual" system, viz., an average price was fixed for the whole of a fisherman's catch without any exact regard to the varying qualities of the fish comprising the catch. It is claimed by those who sponsored the "talqual" system that it was not intended to disregard quality, the procedure being that the fish were first inspected by the culler who, without sorting the fish into piles according to quality, could quickly arrive at a fairly accurate estimate of the proportions of good and inferior fish which the catch contained. An average value per quintal was then struck and the amount payable to the fisherman calculated accordingly. It is urged that the system, so worked, preserved the principle of differentiation in quality, since the average value would vary with each individual case; while, at the same time, the system was expeditious, gave rise to less argument between buyer and seller, and generally operated in favour of the fisherman.

278. This might have been the case when the system was first introduced, and it is possible that a few individual firms may have continued to operate the system in this way. In a short time it became the practice of merchants throughout the country to fix an average price of fish without regard to quality, i.e., they were so anxious to buy all the fish that could be produced that they

were prepared to take the risk of the catch containing an undue proportion of inferior fish. Under this system, the man who cured his fish well received exactly the same price for the same quantity of fish as the man who cured his fish badly. Human nature asserted itself and there was a gradual deterioration in the average cure. The individual fisherman naturally asked himself why he should take trouble with his fish (and the making of a good cure calls for skill, patience and constant watchfulness) when his neighbour took none and received the same return. The good fisherman, anxious to do his best, was thus penalised by the system and tempted to lower his standards. In many cases, subjected to the jeers of his fellows, he found the temptation too strong to be resisted. This destructive system has continued almost up to the present day and is largely responsible for the loss of reputation suffered by Newfoundland products in the principal markets. Fortunately, it has now been prohibited by statutory regulation, and no fish can now be brought from fishermen except under a strict "cull." The culler, however, remains the employee of the merchant.

279. In another way also has the good fisherman been penalised by the working of the credit system. When the fishermen approach the merchants for outfits on credit at the beginning of the season, the latter know that in a number of cases, formerly a minority now a majority, the advances made will not be fully recovered, partly from causes outside the fisherman's control, such as the low price of fish or the failure of the fishery in some localities, and partly because, as the results of the combined operation of the talqual and credit systems, the less energetic fisherman can no longer be trusted to make a good cure. The merchants therefore fix their credit prices at a level which will ensure them against possible loss on their supplies. This means that the good fisherman, who may be relied upon to do his best, is paying for the possible shortcomings of his fellows. The lower the price of fish, the greater the number of fishermen unlikely to balance their accounts, the greater the margin required to safeguard the merchants against loss, and the greater burden borne by the good fisherman. In times like these, when in most parts of the Island it is as much as any fisherman can do to come out on the right side, the good fisherman is being dragged down instead of encouraged; it will not be his fault if he is soon brought to the level of his less careful and less energetic fellows.

280. We will not repeat here the description given in the earlier chapters of the effect of the credit system on the life and habits of the people. (This indeed should properly be called the "truck system" since it is virtually the same as that abolished by law in England a hundred years ago.) But we cannot refrain from emphasizing once again that the system is sapping the energy, initiative and moral sense of the people and, instead of building them up into an independent and self-reliant race, is reducing them to a state bordering on servitude. The responsibility for this condition of affairs rests with the merchants, many of whom appreciate its dangers and would wish to alter the system but see no way of escape from it. They, like the people, are caught in its toils. But altered the system must be, and Government action in this direction is urgently required.

#### MARKETING ARRANGEMENTS.

281. The fish, when culled or valued according to quality, are divided into the following grades:--

- (1) *Shore Fish (including Bank Fish), dry salted.*
  - (a) Choice.

- (b) Merchantable.
- (c) Madeira.
- (d) West India.
- (2) *Genuine Labrador (heavy salted, soft cured)*.
  - (a) Quality No. 1.
  - (b) Quality No. 2.
  - (c) Cullage.

Shore-fish, including Bank fish, which are cured in "Labrador style," i.e., in the same way as Labrador fish, are described as "Heavy Salted, Soft Cured Newfoundland Codfish" and are divided into the same grades of quality as Labrador fish.

282. The principal markets for Newfoundland shore fish are Spain, Portugal, Italy, North Brazil, Malta, Madeira, the British West Indies, Porto Rico and Cuba. The principal markets for Labrador fish are Spain, Portugal, Italy, the United Kingdom, Greece and Porto Rico.



**Mugford Tickle, Labrador, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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283. Shipments are made throughout the year but principally in the months of September to December. The fish are exported in a variety of containers, e.g.:--

- Drums of 128 pounds and 64 pounds for North Brazil, Madeira and Cuba;
- Drums of 112 pounds to Malta, and the West Indies;
- Boxes of 112 pounds and 56 pounds to Oporto;
- Casks of 560 pounds to Spain, Italy and Greece;

while shipments of shore-fish are also made in bulk to Portugal and of Labrador fish in bulk to all Mediterranean markets.

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\* A corruption of the French "tel quel."

*Image description updated May, 2004.*

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#### MARKETING ARRANGEMENTS. (continued)

284. Shipments are now made almost entirely by steamer. A few firms continue to ship fish by sailing vessels for Portugal, Brazil and the West Indies.

Shipments to the Mediterranean are made as a rule by steamers sailing from St. John's, calling at Alicante, Malaga, Valencia, Naples and Greece, and carrying full cargoes direct to Portuguese ports, carrying fish only. Shipments to Mediterranean and Portuguese ports are also made by the Furness Line via Liverpool. Shipments to North Brazil are made either by steamers sailing direct from St. John's, carrying fish only, and calling at Capadello, Madeio, Pernambuco and Bahia, or by the Furness Red Cross Line via New York.

#### Narrows, St. John's, n.d.

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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285. Apart from the ships of the Furness Line and the Furness Red Cross Line, of which surprisingly little use is made, the ships carrying Newfoundland's fish to the various markets are almost entirely Scandinavian (mostly Norwegian). Before sailing vessels were displaced by steam, St. John's was the centre of a flourishing shipbuilding industry. Hundreds of vessels locally manned, and many of them locally built, were employed in the carrying trade, and shipwrights, sail-makers, carpenters, ship's chandlers and fitters all conducted an active business in the capital, giving employment to some hundreds of men. The practice of chartering foreign steamers manned foreign crews has paralysed these industries and the men thus displaced cannot readily be absorbed in permanent employment. The country in general and St. John's in particular have thus suffered a serious loss which has been intensified by the annual drain abroad of the sums, estimated at \$600,000-\$7,000,000, paid for chartering vessels. In consequence of these developments St. John's is now but a shadow of her former self and has had for some years a surplus of population for which no regular employment has been found.

286. It is said that the marketing of Newfoundland's fish, the bulk of which is lightly salted and therefore a valuable but a rapidly perishable product, is at best a speculative business. In support of this contention it is pointed out that every firm in Newfoundland which has sought to confine its business to the buying and selling of fish alone has sooner or later gone to the wall. It is claimed that in these circumstances it is necessary for an exporting merchant to safeguard himself against overwhelming losses in a business in which he may either make



a fortune or become insolvent, by engaging in a diversity of interests, such as a general store, the advance of supplies to fishermen, the development of subsidiary products such as cod-liver oil, or the purchase and marketing of other fish such as salmon and lobster. It is contended that the more irons a merchant has in the fire, the more likely is he to smooth over the ups and downs of fortune and to extract from his business a regular, if not spectacular, profit. We cannot fully accept this contention. For, even if it be true that under the conditions hitherto existing the business has been shown to be too speculative to be conducted entirely by itself, the building up of a diversity of interests is only one method of overcoming this defect. An equally obvious and far more effective method would have been for the firms engaged in the business to weld themselves into one organisation, which could have instituted arrangements for the packing and grading both in size and quality of the fish bought, for the inspection and regularisation of shipments of fish to foreign markets, and for the sale of the fish in those markets. Few can doubt that, had steps of this kind been taken, the industry to-day would have been in a sufficiently strong position to weather a temporary period of depression without penalising the actual producer, viz., the fisherman, on whom, as ever, the main burden now falls.

287. But to join in any large-scale co-operative effort is precisely what the merchants of St. John's have always failed to do. They have insisted on conducting their businesses on a basis of pure individualism without regard to the true interests of the country and without regard to the successes achieved by their foreign competitors. Intent only on outdoing their local rivals in a scramble for immediate profits, they have failed to realise that time does not stand still. While the industry in Newfoundland, with its haphazard and hand-to-mouth methods and an entire lack of organisation, has stagnated, if indeed it has not declined, the industries of Norway and Iceland, Newfoundland's chief competitors in the salt-fish markets, have been modernised on a rational and scientific basis and, in the case of Iceland, especially, have achieved a record of progress that is truly remarkable. In 1885, Iceland's exports of dried and wet salted fish were under 100,000 quintals against Newfoundland's average exports of 1,300,000 quintals. In 1932, Iceland's exports were over 1,500,000 quintals or 200,000 quintals more than Newfoundland's average exports and 450,000 quintals more than Newfoundland's actual exports. This year the Icelandic fishermen had a record catch, whereas it seems likely that the Newfoundland catch will be the lowest recorded for 25 years.

288. It may thus be said that the writing has been on the wall for many years past. The absence of any "adequate steps to insist on uniform measures for curing, packing and inspecting salted cod" was the subject of comment by the Dominions Royal Commission which visited Newfoundland in 1914.\* Steps were taken after the War by the then Minister of Marine and Fisheries to introduce regulations designed to improve the cure of fish, and governing alike the purchase of fish from the fishermen and the export of fish to foreign markets. These salutary measures, however, were unfortunately linked with an endeavour to fix prices in foreign markets. When this failed, the scheme was brought into disrepute and was finally abandoned. From that date until 1933, the old individualistic system continued unchecked. Attempts were made more than once to obtain a measure of agreement among the exporters but these invariably broke down through internal jealousies and a desire to steal a march on rival firms by bringing off a coup or making a quick profit, even at the risk of spoiling the market. That such actions would sooner or later recoil on the heads of the originators and take away the good name of the industry was never appreciated.

289. Had Norway and Iceland been producers of light-salted fish, of the same type as Newfoundland's shore fish, the industry in Newfoundland would many years ago have been compelled, in the interest of self-preservation, to organise itself on a competitive basis. But Norway and Iceland produce only heavy-salted fish, of the "Labrador style," and, while these have gradually ousted Labrador fish from the first place in the European markets taking heavy-salted fish, they have not so far interfered with the markets for Newfoundland's shore-fish. Seeing that the Labrador fishery has been accustomed to produce annually about 320,000 quintals and supports a considerable proportion of the population, it could hardly have been supposed that the loss of first place in the markets would have been accepted by the Newfoundland exporters with indifference. Yet, instead of being alarmed at this development and exerting themselves to recover the lost ground, the exporters have been content to explain with pride that no country in the world can compete with Newfoundland's shore-fish, which is therefore in an impregnable position. The loss of the principal markets for Labrador fish, which has involved the selling of the fish to the poorer markets at low prices, is dismissed as a temporary phase of no great consequence so long as the markets for shore-fish are retained.

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\* Fourth Interim Report of the Royal Commission on the Natural Resources, Trade and Legislation of certain Portions of His Majesty's Dominions, Cd. 7711, 1915, para. 23.

*Image description updated May, 2004.*

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## CHAPTER VI.--THE FISHERIES.

### I.--DESCRIPTIVE AND EXPLANATORY.

#### The Cod Fishery.

#### MARKETING ARRANGEMENTS. (continued)

290. At the beginning of 1933, all that the fishing industry could show as a result of years of unrestricted individualism, was (1) the loss of first place in the markets for heavy-salted fish and the virtual impoverishment of the Labrador fishery, (2) a severe decline in the Bank fishery, (3) a deterioration in the cure in the shore fishery, as well as in the Bank and Labrador fisheries, (4) the pauperisation of large sections of the population owing partly to the operation of the credit system and partly to a series of years of low prices, (5) an all-round depletion of vessels and gear and deterioration of equipment, (6) an entire absence of organisation or co-operative effort (except in the case of a localised Fishermen's Union to which reference will be made later), (7) the continuance of internal jealousies among exporters, carried to lengths which had the effect of depressing prices in foreign markets and thus in the long run depriving the fisherman of the full reward for his labour, and (8) the absence of suitable local shipping for carrying fish to market, giving rise to the now almost universal practice of chartering Scandinavian vessels for the purpose.

291. This catalogue of misfortunes, most of which could have been prevented by the exercise of forethought and common sense, to say nothing of business acumen, speaks for itself. It is satisfactory to be able to record that, as a result of measures taken this year by the present Government, machinery has been set up with the object of regularising conditions in the fishing industry and of inducing a measure of co-operation among exporters. A statutory Board, called the "Salt Codfish Exportation Board," has been established with wide powers. The Board may consist of three persons, of whom only one, the Chairman (Mr. D.J. Davies, lately Acting High Commissioner for Newfoundland in London), has so far been appointed. Two important steps have already been taken on the initiative of the Board, (1) the abolition by statutory regulation of the "talqual" system of purchasing fish from fishermen, and insistence on the requirement that all fish should in future be culled or valued, (2) the promulgation of a regulation prohibiting the shipment of fish to Oporto in any direct steamer except with the written permission of the Board. The Board has established a close liaison with the trade and regular meetings are held with Advisory Committees appointed by the merchants. It has not yet been long enough in operation for any comprehensive measures to be taken for the grading or standardisation of products, or for the regulation of shipments to markets other than Portugal, but it is hoped at least that the need for co-operation among all sections of the industry is now beginning to be realised and that the old practices which have done so much to handicap the progress of the industry will tend gradually to disappear.

STATISTICS.

292. The following table shows the quantity and value of the annual exports\* of salt codfish in the years since the War. We would have wished to include a table showing the prices actually paid to the fishermen by the local merchants in those years, but we have found it impossible to do so since no comprehensive statistics are recorded by any Government Department or other organisation.

#### EXPORTS OF SALT CODFISH.

<i>Year.</i>	<i>Quantity.</i> Quintals.	<i>Value.</i> \$
1918-		
19		
1919-		
20		
1920-		
21		
1921-		
22		
1922- .....	1,894,023	25,860,112
23 .....	1,878,115	23,258,666
1923- .....	1,394,237	13,495,451
24 .....	1,617,763	11,781,088
1924- .....	1,506,265	10,209,821
25 .....	1,301,832	8,595,299
1925- .....	1,181,605	10,520,712
26 .....	1,397,513	12,180,569
1926- .....	1,600,930	12,093,064
27 .....	1,609,243	11,665,753
1927- .....	1,364,253	11,849,879
28 .....	1,327,957	11,889,580
1928- .....	1,167,698	7,790,193
29 .....	1,113,606	5,036,715
1929- .....	1,208,144	5,124,493
30		
1930-		
31		
1931-		
32		
1932-		
33		

#### **Fisheries other than the Cod-Fishery.**

293. Considerable space has been devoted above to the consideration of the cod-fishery, in view of its outstanding importance. Brief reference should, however, be made to the methods of prosecution of subsidiary fisheries.

294. *Salmon* are caught in ordinary gill-nets, set from the shore, with or without a pocket or trap at the seaward end. The chief fishery occurs in spring, being earlier in the south than in the north. In any one locality it is of only a few weeks' duration, and it is necessary for the two refrigerated vessels which brine-freeze the major portion of the catches for the United Kingdom market to move

gradually northwards with the trend of the fishery. They operate in connection with fast collecting boats, which in turn collect the salmon from the fishermen, bringing it in ice to the mother vessel. A fair quantity of salmon is exported in ice to Canada from the south-western region. In various localities some quantity is still salted in tierces. There is a minor salmon fishery late in each fall, the fish caught going into local consumption.

295. *Lobsters* occur chiefly in the south and west, and are fished for by individual fishermen, operating 100 or more traps each. Five hundred licences, more or less, may be issued each year, these empowering fishermen to can lobsters. Lobsters are less plentiful on the Newfoundland than on the Nova Scotian coast, and centralisation of the industry presents peculiar problems not yet solved.

296. *Caplin* are caught all round the Island by small cast nets or by small caplin seine nets. This fishery is not vigorously pursued. There are numerous uses (hitherto neglected) to which this prolific fish may be put.

297. *Smelts* are caught chiefly by traps on the west coast. On the east coast use is also made of hook and line (through the ice) and of seine nets. The catches are iced for transport to distributing centres.

298. *Halibut* are fished for from the western portion of the south coast. Small boats, equipped with hook and line, are utilised, since the grounds lie close inshore. The chief fishery occurs in the late fall, and the catches are mostly despatched in ice to Canada, although small amounts are consigned to St. John's for local consumption.

299. "*Turbot*," or Greenland Halibut, are salt-pickled for export to Mediterranean or other European ports. Most of the catch is made by means of line fishing from small boats in Trinity Bay and Notre Dame Bay.



**Herring Neck, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (48 kb)

300. Herring occur at most parts of the coast in spring and in the fall and are caught chiefly by gill-nets (there is no drift-net fishery) and by herring-seine nets. The local aggregation of large herring shoals each winter in the Bay of Islands region provides the chief organised herring fishery of the Island, but this fishery has never attained a stable position. During recent years the total pack of salt herring has seriously fallen off. The following figures give the total exports of herring since 1915:--

EXPORTS OF HERRING.

<i>Year.</i>	<i>Bulk.</i>	<i>Frozen and</i>
--------------	--------------	-----------------------

	Barrels.	<i>Pickled.</i> Barrels.
1915- .....	76,060	165,527
16 .....	33,444	156,299
1916- .....	22,163	193,885
17 .....	23,870	188,499
1917- .....	13,142	129,980
18 .....	21,856	78,232
1918- .....	21,739	93,753
19 .....	18,930	73,197
1919- .....	18,387	52,833
20 .....	21,595	40,437
1920- .....	20,340	41,264
21 .....	12,831	54,908
1921- .....	16,194	48,446
22 .....	16,866	57,436
1922- .....	8,981	36,740
23 .....	6,091	39,315
1923- .....	4,462	43,526
24		
1924-		
25		
1925-		
26		
1926-		
27		
1927-		
28		
1928-		
29		
1929-		
30		
1930-		
31		
1931-		
32		

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\* An estimate of the total annual catch may be arrived at by adding to the above figures 200,000-300,000 quintals, retained for local consumption or exported fresh.

*Image description updated May, 2004.*

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## CHAPTER VI.--THE FISHERIES.

### II.--GENERAL REVIEW OF EXISTING SITUATION.

#### A.--Control.

##### 1. POLITICAL.

301. Had the fisheries been placed in the past under the control of an independent Board or Commission, composed of disinterested persons and free from political interference, it is conceivable that their record would have been one of continuous progress and development instead of one of stagnation. In practice, however, the control of the fisheries has always been political. The governing authority, subject to the Legislature, is the Minister of Marine and Fisheries, who with his Department is charged with the duty of supervising the conduct of the various fisheries and of issuing the necessary regulations. The powers of the Minister have, to some extent, been curtailed by the establishment of the Salt Codfish Exportation Board, to which reference has been made, since the regulations proposed by the Board are submitted, not to the Minister but to the Executive Council for approval. But the principle of political control has been retained.

302. As will be readily appreciated from the description of the existing political system given in Chapter V, political control in Newfoundland has involved periodic reversals of policy; lack of continuity; absence of expert service, nearly all appointments being political, without reference to merit; and the patronage of certain business firms in disregard of the just requirements of others. Moreover, it has been the practice for the Minister himself to be either a fisherman by origin, or a fish-exporter, or an expert in one branch of the fishing industry. This, in itself, has had unfortunate consequences, since the Minister has tended to pay undue regard to that branch of the industry or to that district with which he was most familiar, and to neglect or ignore the requirements of those branches outside the range of his own personal experience. We need say nothing of the temptation to use his power to his personal advantage to which a Minister, financially interested in the industry and continuing to conduct his business while in office, must have been constantly exposed.

303. Subject to this type of control, those responsible for the conduct of the industry have dissipated their energies in jealousy and intrigue instead of concentrating on the development of the fisheries on rational and scientific lines. The system instead of encouraging co-operation, fostered disunion among the merchants; while successive Governments, embarking on ambitious schemes of industrial expansion and neglecting the fisheries except in so far as they impinged on the immediate political horizon, allowed the industry to drift. In the years since the War, loans were raised amounting to over \$50,000,000 or half the Island's public debt. Of this formidable total, less than \$1,000,000 was spent on the stimulation of the fisheries.

304. A step of immense importance to the future of the industry was, however, taken in 1931, due to the initiative of the Government of the United Kingdom.

The lack of organisation in the fishing industry and the need of scientific research were alike pointed out by the Dominion's Royal Commission which visited the Island in 1914.\* The failure of the steps taken after the War to remedy in part the former defect have already been recounted: no steps were taken to remedy the latter. In 1931, however, as a result of the establishment in the United Kingdom of the Empire Marketing Board and of the enquiries arising therefrom, a Fisheries Research Bureau was established in Newfoundland, under the direction of Dr. Harold Thompson, a distinguished marine biologist from the United Kingdom. An agreement was reached between the Empire Marketing Board and the Newfoundland Government providing that each party should pay one-half of the cost of the Bureau until the end of 1935. The Bureau, the need for which was not generally appreciated in Newfoundland, at first encountered many difficulties and some opposition, but we are happy to say that it is now firmly established as an essential element in the proper conduct of the fisheries. It has already succeeded in doing admirable work and is recognised both in Canada and the United States as a leading authority on the deep sea fishery on the Western North Atlantic. Its potential importance to the industry can hardly be exaggerated.

305. Scientific investigation cannot, however, give full results so long as the administrative services of the Government are inefficient and the industry itself remains unorganised. A great responsibility therefore rests on the newly-established Salt Codfish Exportation Board. The establishment of this Board marks, we hope, a change of heart on the part of those engaged in the industry and, as such, is to be warmly commended. It can hardly be denied, however, that the functions of the Board, which are governmental in character and under the direction of a paid Civil servant, cannot properly be distinguished from those of the Ministry of Marine and Fisheries. Nor is there any adequate reason why the Board should be called upon to deal with the codfish alone, and not with subsidiary products, such as cod-liver oil, or with other fish, such as salmon and lobster.

306. The creation of the Board as an independent unit but subject to political control really means that there are two Government Departments dealing with the fisheries. While the circumstances of the moment may have necessitated this expedient, the system cannot be continued without waste and overlapping, and the future of the Board will form the subject of one of our recommendations.

## 2. COMMERCIAL.

307. From the commercial standpoint, the control of the industry, as has been seen, is in the hands of merchants or storekeepers who directly or through local agents persist in maintaining the credit system. This system is nothing more or less than a truck system. It fosters inefficiency and laxity, raises prices of essential commodities, lowers the standard of living and keeps the fisherman in a condition bordering on servitude. By depressing conditions in the industry and penalising the good fisherman for the shortcomings of others, it reacts to the disadvantage of the merchants themselves; while the very fact that money is a rarity and has such a limited circulation restricts business throughout the Island.

308. The scattered nature of the population hinders the organisation of the fishermen into any Trade Union or Protective Society. They thus fall an easy prey



to the local merchants in the outports. An attempt was made so long ago as 1908 to form a Fisherman's Protective Union covering the whole Island. This movement, led by Mr. (now Sir) William Coaker, attracted a wide response, but, on the Union entering the political field, support was not maintained. The Union still exists as a local entity in East Bonavista but it has long since ceased to be capable of influencing conditions in the fishing industry generally.

**Harbour Breton, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (46 kb)



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\* Fourth Interim Report of the Royal Commission on the Natural Resources, Trade and Legislation of Certain Portions of His Majesty's Dominions, Cd. 7711, 1915, pages 6-8.

*Image description updated May, 2004.*

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## CHAPTER VI.--THE FISHERIES.

### II.--GENERAL REVIEW OF EXISTING SITUATION. (continued)

#### B.--Methods.

##### 1. METHODS OF FISHING.

309. (a) *Deep Sea Fishing.*--There has been a severe decline in the most adventurous type of fishing, that by schooners on the Banks. This decline has been responsible not only for a loss of morale but also for a serious decrease in the quantity of fish caught in March, April and May, when good drying weather is often experienced and when much idleness now exists. Contributory causes of the decline have been lure of easier employment in Canada and the United States, the attraction of regular work in railway construction prior to the War and in road construction after the War, the high price of outfits and the dead time waiting for bait. Lack of apprenticeship or training in navigation among the rising generation and the time wasted in locating the best fishing grounds, which vary from year to year, are also factors which have contributed to the decline.

310. (b) *Shore-Fishing.*--Most of Newfoundland's total catch is now obtained by traps in-shore. This method attracts the fisherman, as bait is not required, large catches are frequently made, and the work is carried on during the best summer weather. The outfit is, however, expensive, and, as traps are stationary and fishermen usually ballot for stations, catches are necessarily speculative. This method of fishing has the additional disadvantage of restricting the active fishing season to a very few weeks of the year, and within these weeks most of the catch may be taken in a few days. It is difficult for a fisherman and his family to handle fish properly in such large quantities, and the fish frequently have to remain in "salt-bulk," until they can receive attention, for an undesirably long time.

311. (c) *The Labrador Fishery.*--This is prosecuted by "floaters," i.e., schooners of 50-70 tons, mostly proceeding from ports on the east coast and visiting the Labrador coast for a month or two each summer; and by "stationers," i.e., individual fishermen conveyed to the Labrador coast by coastal steamers and fishing from the shore in the same manner as the shore-fishermen in Newfoundland. The fishery is of great importance in that it is responsible for about one-fifth of the total catch, and one-quarter of the total exports of the Island. The product is heavy-salted but there has been a deterioration in the cure partly because of a tendency to use too little salt, and partly because attempts to dry the fish in situ have been accommodated by unsuitable climatic and other conditions.

#### Red Bay, Labrador, n.d.

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.



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312. (d) *The Fall Fishery*.--This takes place all over the Island and is usually prosecuted by motor-boats using bultows. Unfortunately, this fishery frequently fails owing to lack of bait. Small boats with hand lines also prosecute this fishery; while jiggers may also be used.

313. (e) *The Winter Fishery*.--This fishery, prosecuted on the Banks off the western portion of the south coast, is of small proportions.

## 2. CURING.

314. Facilities for curing are, on the whole, inadequate, chiefly owing to lack of running water for washing, and of apparatus for artificial drying. There has been much controversy in the Island as to the merits of artificial drying but, while it may be conceded that fish cured with care in good drying weather cannot be equalled by fish cured artificially, yet the fact remains that in the absence of facilities for artificial drying the quality of the cure is dependent on the vagaries of the weather. It cannot be doubted that if apparatus for artificial drying were available in each outport for use in damp seasons or in bad curing weather, the standard of cure would be achieved. The average air humidity in Newfoundland is well above normal, and thorough drying of fish frequently proves difficult or impossible. Moulds or bacterial infections are apt to result. The use of artificial drying as an aid to out-door drying would save the fishermen from these anxieties.

315. The salt used in curing is mostly sea-salt, imported mainly from Cadiz and from Turks Island. It was formerly the practice for salt imported one year to be used the next. This is not now done and the suggestion has been made that in many instances the salt supplied to the fishermen has not been mature. In any case, however, sea-salt is more liable than mineral salt to carry bacterial infection. Mineral salt is sometimes used, usually being imported either from Hamburg or Malagesh, Nova Scotia, and it would seem that this practice might be extended with advantage. An essential requisite is, however, that the premises and utensils of fish-curiers and fish-exporters should be kept clean. Unless this is done, even mineral salt cannot be kept free from bacterial contamination.

316. It was sometimes urged by witnesses that it was essential if uniformity of cure and standardisation of product was to be achieved that the occupations of catching and curing should be kept separate, i.e., that the men who caught the fish should not be expected to take part in the curing, this operation being undertaken by shore-workers. To enable this principle to be maintained, it was suggested that curing stations should be set up round the coast, at first in all important fishery centres, and later at such intervals as would allow of the absorption of the total catch. If this were done, the fishermen would have nothing to do but catch fish, the fish when caught being sold "green," i.e., fresh from the sea and unsalted, to the curing stations to be cured. Such stations

would be equipped with apparatus for artificial drying, and a greatly improved cure would result.

317. The suggestion is attractive but we regret that, after careful consideration, we have come to the conclusion that, so far as the shore-fishery is concerned, it is impracticable--at any rate under present conditions. Had the fishery been more compact, the establishment of such stations would doubtless have been an economic proposition; but spread, as the fishery is, over some thousands of miles of coast-line and limited, as the present season is, to a few short weeks in the summer, the cost involved in the construction and the upkeep of such stations, and the very short intervals at which stations would be required if the fish were to arrive at them in fresh condition, would make the expenditure prohibitive. Nor do we feel that any useful purpose would be served by the erection of such stations at the principle shore-fishing centres, since the fish would mostly be brought in with a rush in two or three weeks of the year, and would require, if it was to be properly handled, a large and specially engaged staff, some acres of "flakes" or "stages," and a large-scale artificial dryer. Any advantage which might be gained in these circumstances in the direction of uniformity of cure might be off-set by the additional expense involved, with the result that the price paid to the fisherman for his fresh fish would be so low that he would be compelled to make a large additional catch if he was to make both ends meet. While feeling unable, however, to support this suggestion, we shall indicate later other directions in which the existing system might be improved.

*Image description updated May, 2004.*

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#### B.--Methods. (continued)

#### 3. VARIETY OF PRODUCTS.

318. This is, at present, very limited. A certain amount of codfish is exported "green" from the south-west coast to Canada, but Newfoundland's main exports are salted fish. Practically no attempt is made to produce canned cod, boneless or filleted cod or smoked cod.

#### **Jerrott's Cove, Gray [sic] River, Southwest Coast, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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#### 4. DISPOSAL OR SALE.

319. The "talqual" system of buying, which has been in force for many years, to the great detriment of the industry, has now been prohibited by statutory regulation. No fish is now allowed to be bought from fishermen except under "cull," i.e., instead of paying an average price for the fish brought to them, merchants are required to have each fisherman's catch of fish "culled" or valued according to quality by a "culler" or valuer. The culler, from whose judgment there is no appeal, remains, however, an employee of the merchant.

320. No attempt is made to standardise or grade the product according to size as well as quality. Until this year there has been no control of shipments to foreign markets. Within the last few months a regulation has been introduced, prohibiting the shipment of fish by direct steamer to Oporto, except with the permission of the Salt Codfish Exportation Board, but no restrictions have been placed on the export of fish to other markets. There is no provision for the compulsory inspection of fish packages before export. Foreign markets are apt to be glutted with fish sent on consignment, and packages frequently contain fish of varying quality and even of different grade to that marked on the outside of the package.

#### 5. SYSTEM OF INSPECTION.

321. There is no organised system of inspection, either of fish premises or of fish. Some inspection is, on the other hand, made of cod-liver oil, herring and lobster products, all of minor importance relatively to cod.

## 6. FISHERY STATISTICS.

322. These are poor, or lacking, owing to the scattered nature of the fishery and the absence of organisation. The best obtainable are those compiled from the data of the Customs Department or by individual firms.

## 7. EDUCATION.

323. Education in fishery matters is not given. The last year has seen the beginning of a movement for interesting the youth of the country in the development of the fishery and for enabling parties of young men to undergo a course of instruction at the Fishery Research Bureau at Bay Bulls. Two such parties, financed partly by private enterprise and partly by a religious educational board, have undergone such a course, but the movement has not yet been followed up. Suggestions have been made that parties of teachers might undergo a similar course during the holidays.

## 8. RESEARCH.

324. There is an admirable Research Laboratory at Bay Bulls, the origin of which has already been described. The work of the Laboratory may be summarised under two headings:--

(a) The continuous study of the availability of the supplies of fish on the grounds, this involving biological analysis of material specially collected during the surveys of the fishing grounds made by a steam trawler, used partly as a research vessel; so that something resembling a census of the stocks can be maintained, and fluctuations in certain cases traced to their causes with the object of their being anticipated.

(b) The continuous attempt to introduce improvements in the methods of handling the raw material of the fisheries, to supervise by analysis the quality of fish products, to develop new products or by-products, and generally to aid, by consultation and the supply of the essential facts, the proper conduct of the fish-trade or the framing of suitable legislation.

325. The work of the Laboratory is explained in annual and other reports, obtainable through the Department of Marine and Fisheries at St. John's. The following are the publications to date:--

Vol I. No. 1. THOMPSON, HAROLD. A Survey of the Fisheries of Newfoundland and Recommendations for a Scheme of Research. December, 1930.

No. 2. LINDSEY, SHEILA TAYLOR AND THOMPSON, HAROLD. Biology of the Salmon (*Salmo salar L.*) taken in Newfoundland Waters in 1931. February, 1932.

No. 3. SLEGGGS, G.F. Observations upon the Economic Biology of the Caplin (*Mallotus villosus O.F. Muller*). March, 1932.

No. 4. Annual Report. Year 1932. March, 1932.

Vol. II. No. 1. Annual Report. Year 1932. March, 1933.

*Image description updated May, 2004.*

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## CHAPTER VI.--THE FISHERIES.

### III.--PARTICULAR SURVEY OF THE INDIVIDUAL BRANCHES OF THE INDUSTRY.

#### 1. Salt cod-fish.

326. In normal times the price obtained for good-class salt cod-fish warrants its production; the saturation point for this product has almost certainly not yet been reached, and for many years to come almost all Newfoundland's cod-fish must continue to be marketed in this form, owing to the almost total lack of a fresh-fish market and to the scattered nature of the fishery. Great hopes have more than once been entertained of finding in the United States an outlet for fresh fish, but the prohibitive tariff imposed on Newfoundland products in that country and the difficulty of transportation have so far killed all enterprise in that direction. A limited market for fresh-frozen cod-fish may be capable of development in the United Kingdom, which at present imports fresh cod from Iceland, Norway and Denmark. But here again difficulties of transportation, and the lack of adequate freezing apparatus, are formidable obstacles. It must be remembered also that fresh cod is a cheap fish in the United Kingdom.

The loss by Newfoundland of first place in the markets for heavy-salted fish had been due to faults in curing and absence of marketing organisation. Both these defects can be remedied.

#### 2. Cod-Liver Oil.

327. The production of cod-liver oil (including cod oil) in Newfoundland averages about 1,200,000 gallons per annum. Most of the oil is marketed in the form of cod (industrial) oil, the lowest quality. Approximately one-fifth, say 250,000 gallons, more or less, is however prepared as No. 1 (Medicinal) and No. 2 (Poultry) Oil. The principal market for Newfoundland oil is the United States. Over 2,000,000 gallons of oil of all sorts were produced in 1918. Since then the output has varied between 800,000 and 1,600,000 gallons, and the price between \$0.58 and \$1.35 a gallon.

328. Under the Trade Agreement concluded at Ottawa in 1932 between the Governments of Newfoundland and the United Kingdom, the latter undertook to impose an import duty of 1s. 4d. a gallon on foreign cod-liver oil entering the United Kingdom.\* The preference thus enjoyed by Newfoundland oil in the United Kingdom market should be of great assistance to the local industry. It is particularly unfortunate that in the first year in which this new outlet has been available the production of oil in Newfoundland should have been handicapped by the almost unprecedented failure of a large section of the shore fishery. It is estimated that the total amount of refined oil produced during 1933 will be very considerably reduced, and that there will be a corresponding decline in production of the unrefined quality. The total production of all sorts may be the lowest figure recorded for forty years. It is hoped, however, that in the course of the next few years the production of medicinal and poultry oil, as opposed to industrial oil, will be greatly increased and that in place of the annual average of



250,000 gallons, an export figure of 750,000 gallons will be reached. Steps are in contemplation to ensure that no oil is to be exported except under licence from the Government; that oils are bulked, blended according to their properties and standardised before export; and that suitable safeguards are introduced with a view to the retention and expansion of Newfoundland's share of the United Kingdom market.

### 3. Salmon.

329. Of late years there has been a great increase in the exports to the United Kingdom of chilled salmon from the Newfoundland and Labrador coasts. Chilled salmon are also exported in considerable quantity to Canada and the United States. The total exports each year since the War are shown in the following table. Of these exports about two-thirds has been taken by the United Kingdom.



**Chateau [sic] Bay, Labrador, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (54 kb)

<i>Year.</i>	<i>Quantity Exported. lb.</i>	<i>Value. \$</i>
1919-		
20		
1920-		
21		
1921-		
22		
1922-		
23	222,335	30,157.00
1923-	596,520	91,964.00
24	810,340	116,662.00
1924-	1,304,125	202,571.00
25	1,589,278	238,370.00
1925-	613,448	82,004.00
26	1,041,252	144,896.00
1926-	2,063,665	290,540.00
27	1,978,286	272,347.00
1927-	1,463,692	209,876.00
28	3,970,481	600,525.00
1928-	4,804,658	735,151.00
29	2,353,463	330,747.00
1929-	2,288,384	315,705.00
30		
1930-		
31		
1931-		
32		

330. If the attendant difficulties are taken into consideration, it may be said that the industry is being well prosecuted. Newfoundland and Labrador salmon are akin to the salmon of Scotland, and the Island provides probably the best quality of frozen salmon known to the United Kingdom trade. It must be pointed out, however, that the stocks of salmon are not inexhaustible, and that experience has already shown that the industry is being operated at what probably approximates to the point of maximum production, say an average of 2,500,000 lb. annually. Competition is sufficiently severe to sustain and improve the quality of the fish exported.

331. In view of the salmon resources of Newfoundland and Labrador, it is surprising to find that very little salmon is canned. This is due partly to lack of modern canning facilities in the outports and partly to the unremunerative prices so far obtained abroad. There are, however, considerable quantities of grilse (small salmon) which could be canned at a profit, particularly at a point like St. Anthony in the north of the Island, and possibly also at Battle Harbour and Cartwright in Labrador, where the fish can be secured cheaply without endangering the large local supply. Even in the south-east of the Island, tests by the Fisheries Research Laboratory have shown that, long after the commercial nets have been withdrawn, there is a considerable run of smaller fish suitable for this purpose.

332. The salmon is a fish which is particularly susceptible to depletion in numbers. It is therefore of the highest importance that a biological analysis of the stock should be continuously maintained. Measures should also be taken regularly, on a small scale, to improve the spawning facilities in rivers, e.g., by the creation of salmon ladders. We have reason to believe that illicit fishing, by nets and jiggers, has increased in recent years, particularly on the west coast; this is a danger which must be carefully watched.

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\* See Appendix K.

*Image description updated May, 2004.*

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## CHAPTER VI.--THE FISHERIES.

### III.--PARTICULAR SURVEY OF THE INDIVIDUAL BRANCHES OF THE INDUSTRY. (continued)

#### 4. Lobster.

333. A lobster-canning industry has been conducted in Newfoundland for many years. It is an industry carried on by individuals rather than by companies and has never been scientifically organised. Licences are issued to some 500 exporters or "packers" all over the Island; these each have their own plant. There is no standardisation of product, but regulations have been issued prescribing the methods to be adopted, and a system of government inspection is in force. Depletion of the stock led to the imposition of a close season for the three years 1926-28. The fishery was reopened in 1929, but, after a short period of better catches, has since been on the down grade. Too many licences have been issued, over-fishing has taken place, undersized lobsters have been taken, and egg-carrying (berried) lobsters have not been returned to the sea. The stock has now been reduced to such small proportions that temporary suspension of operations, or at least some measure of restriction, is again essential.

#### 5. Herring.

334. Before the War, a prosperous herring industry was carried on in Bay of Islands and Notre Dame Bay, where the stocks are most numerous. After the War, however, owing to shrinkage of markets and to tariff difficulties in foreign countries, the industry fell away, and to-day it is in a very low condition. Endeavours to secure a market in Germany for round salted herring for bloatering have not been very successful, and the previously existing market in Chicago and New York for salt herring virtually collapsed with the institution of prohibition in the United States. If prohibition in that country should now be repealed, this market may be resuscitated.

#### **Sampson's Island, Notre Dame Bay, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (42 kb)



335. Greater use could undoubtedly be made of herring for local consumption. Formerly, most families on the west coast were accustomed to put away barrels of salted herring for winter use, but only few now do so. We found on our tour of the outports that even families claiming public relief made little or no attempt to avail themselves of the supply of herring to be found at their very doors. Such an anomalous state of affairs seems to us to merit the attention of the authorities.

336. Herring, as we have already indicated, is one of the three chief baits used for cod, the other two being caplin and squid. Herring is used in the spring, caplin in the summer, and squid in the fall. There is often a shortage of squid in the fall; when this occurs, the fishery is apt to be neglected. But herring could equally well be used if steps were taken to collect supplies in advance. We consider that it would be of advantage to the country if greater attention were paid to the cold storage of herring; any excess could be sold to foreign vessels, manufactured into fish meal, or otherwise disposed of.

## **6. Caplin.**

337. This prolific fish affords a short-period but very dependable fishery each spring. It is utilised as bait for the second banking voyage of the year, and large quantities should be sharp-frozen for similar use at other times. Quantities are taken by the fisherman for field manure and small amounts are dried for family consumption. It is usual to regard caplin as being capable of much greater exploitation. On account of the regular appearance of this fish in very great quantities, there is justification for this attitude.

338. In the first place, better use could be made of the fish as part of compost for manure for the succeeding season (instead of the present practice of spreading them on the surface of the ground). Again, there is reason to believe that a large foreign market could be developed for dried caplin, e.g., in the West Indies, but for this purpose it would be important that the fish should be of uniform quality. This implies some measure of artificial drying, such as could be carried out in small outport driers, used at other times for codfish. A third but probably limited outlet for caplin is in the canned form. A method has now been found of canning this fish successfully and, where cold storage is available, such canning might be developed. The product has not, however, excited much interest abroad, although wherever tested in Newfoundland the reception has been favourable.

339. Finally, where fish-meal factories can be set going for processing other forms of raw material, caplin could be utilised during the season of their abundance, the resulting meal, on account of its rather high fat content, being blended with cod-meal.

## **7. Smelts.**

340. A very localised fishery is based on this highly esteemed fish on parts of the west and east coasts, notably Bay of Islands and Notre Dame Bay. On the west coast, exploitation is probably as great as is desirable, bearing in mind the necessity of maintaining the stock. On the east coast, lack of communications are apt to restrict activities, as it is often difficult to transfer the catch to St. John's in prime condition for export to the United States market, which permits free entry for this species. An attempt this year to solve this difficulty, by using a vessel fitted with refrigerating apparatus, was brought to an untimely end by the wrecking of the vessel *en route*.

*Image description updated May, 2004.*



## CHAPTER VI.--THE FISHERIES.

### III.--PARTICULAR SURVEY OF THE INDIVIDUAL BRANCHES OF THE INDUSTRY. (continued)

#### 8. Halibut.

341. This prime fish is seldom found inshore, but small quantities are to be taken on the Banks. The fishery is pursued from Newfoundland in the south-western area, where relatively small quantities are taken in the winter and exported to Canada. In 1933 the *Arctic Prince*, a large vessel acting as mother-ship to several smaller fishing craft, and freezing their catches, tried out the Newfoundland grounds (chiefly the Grand Bank), with the view of obtaining a halibut catch. The venture appears to have broken down for various reasons, one of which very probably was the light nature of the halibut catches achieved.

#### 9. "Turbot."

342. This is really the Greenland halibut, and differs from its congener, the true halibut, in having a very high content of oil. It is probably not so prolific in numbers as is thought, and is largely confined to the very deep waters of Notre Dame and Trinity Bays. At present it is practically unsaleable, at any rate at a remunerative price. In past year, limited amounts have been salted and exported to the Mediterranean, but the fish has been apt to lose its firmness in transit and to be broken up when unpacked. Laboratory tests have demonstrated that this fish, which does not eat well in the fresh state, is highly palatable when smoked, giving a product somewhat akin to kippered herring. A local market for this product may be developed.



**Islington (Trinity Bay), n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (41 kb)

#### 10. Other fish species.

343. There are several species of flounders, and two of dabs, found in inshore waters, but these fish are not esteemed by the fishermen, although they are excellent food. On the Banks there are enormous numbers of flat-fish, many of which are of large size. The most prolific fish is the Long Rough Dab, which occurs in numbers greater even than those of codfish. The Smooth Dab (Sand Dab) is much rarer and is of finer quality. Both species are consumed in the United Kingdom, under the name of fillets or even fillets of sole. Most of the Newfoundland foreshore is rocky, and deep water occurs inshore. This is, in

conjunction with the chilly nature of the waters, an unfavourable state of conditions for the occurrence of the prime flat-fish like plaice and sole. The true sole, like the plaice, does not occur in Newfoundland waters, but any trawlers operating from England would undoubtedly utilise the best of these dabs. Witch "flounders" or Whitches are found in limited numbers on the Banks. These are equivalent to the European fish of the same species, and would be utilized by trawlers. Haddock are exceedingly plentiful on the southern portion of the Grand Bank and trawlers would reap a rich harvest there. (In Newfoundland the haddock caught on the Banks are salted in the same manner as codfish and fetch a relatively low price.)

### **11. Shellfish (other than Lobsters).**

344. These too are scarce in the Newfoundland area to warrant hopes of much industrial exploitation. In certain areas clams form part of the source of bait. A factory has recently been erected at Port au Port Bay for the purpose of canning scallops and clams.

In the course of time, when more pressing developmental work has been dealt with, some attention might be devoted to the artificial stimulation of shellfish growth in this and other likely areas.

### **12. By-products.**

345. Little progress has been made with the manufacture of fish-meal or of any other fishery by-product in Newfoundland. Fish-meal, the most important of the by-products, is capable of production from the immense amount of cod-heads and sound-bones at present jettisoned. Owing to the extremely short fishing season, however, and the difficulty of collecting the raw material, headway has never been made, although fish-meal plants have been installed at various points in the Island.

### **13. Canning.**

346. Reference to lobster and salmon canning has already been made. Modern fish-canning equipment exists only in the premises of one large mercantile house in St. John's, where a small amount of codfish products is processed; on board the s.s. *Blue Peter*, where one or two thousand cases of salmon may be canned each year; and in at most two outports. Lobster is the chief fish canned and this is done almost entirely in small plants in the outports.

*Image description updated May, 2004.*

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## CHAPTER VI.--THE FISHERIES.

### IV.--RECOMMENDATIONS.

#### A. Control.

##### 1. ADMINISTRATIVE.

347. Under the new form of Government which we recommend, the fisheries would be placed under the control of the Commissioner who will be in charge of Fisheries, Agriculture, Forests and Mines. The existing Departments dealing with these subjects might be amalgamated and called the Department of Natural Resources. This Department would be divided into two sections of Bureaux, a Fisheries Bureau and a Bureau of Agriculture, Forests and Mines. The following organisation is proposed for the Fisheries Bureau.

348. On the administrative side the Commissioner would work through a permanent administrative Secretary. He would, in addition, have at call advisers expert in the various branches of the fisheries. The functions of the Salt Codfish Exportation Board would be assumed by the new Department. Until the Department is established, the Board should continue its activities.

349. On the scientific side the Commissioner would be assisted by the Director of the Fishery Research Laboratory at Bay Bulls. We recommend that this institution, provision for which has only been made to the end of 1935, should become a permanent part of the government machinery dealing with the fisheries.

350. As regards the export and marketing of codfish, the Commissioner would be assisted by three representatives appointed by the exporters. The evidence submitted to us indicates that there is need for two officials who would be permanently stationed in the European markets and would be able to watch Newfoundland interests, keep the Bureau informed of market requirements and be available to act as intermediaries between buyers and sellers in case of difficulty. We accordingly recommend that a Chief Inspector of Markets should be appointed, with headquarters at Oporto; and that under him there should be an Inspector of Markets with headquarters at Genoa. If necessary an official might also be stationed in Brazil, with similar duties. These officials would aid the extension of the markets. The Chief Inspector would be directly responsible to the Commissioner in charge of the Department of Natural Resources.

351. For the purposes of fishery administration the country would be divided into 11 districts. The existing system, under which there is some inspection for cod-liver oil, herring and lobster, would be abolished and each district would be placed in charge of a District Fishery Officer who would assume the duties of the existing inspectors. Some of the latter might well be chosen to become District Fishery Officers, but in general we should expect District Fishery Officers to be civil servants, appointed after examination or a suitable educational test.

352. The District Fishery Officer would be responsible for seeing that the laws



and regulations relating to the fisheries were observed, for inspection of fish, fish products and fish premises, for the collection of statistics, and for giving instruction in the methods recommended by the Department. All applications for licences would be required to pass through the District Fishery Officer. The latter would also exercise a general supervision over the "culling" conducted in his district and it would be open to either merchant or fisherman to call in the District Fishery Officer in case of dispute.

353. Each District Fishery Officer would have an office, called the Fishery Office, at the chief fishing centre in his district. We suggest that such offices might be established at the following places:--Port-aux-Basques, Bay of Islands, St. Anthony, Twillingate and Fogo, Bonavista, Trinity, Carbonear, St. John's, Placentia, Burin and Belleoram. It would also be desirable that a District Fishery Officer should be stationed on the Labrador coast during the summer months.



**Bankers towing into Burin, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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354. Each District Fishery Officer should possess a thorough knowledge of culling and he would be required, before taking up his appointment, to undergo a course of instruction in culling at the Fishery Research Laboratory at Bay Bulls. For this purpose there would be an Instructor of Culling who would be attached to the Laboratory and would be responsible for defining the standards of cull and instructing the Officers as to their recognition. While at Bay Bulls, the Officers could also be given instruction in the technical aspects of the fisheries, in the methods of curing recommended, in the construction of subsidiary products and in the collection and preparation of statistics.

355. The District Fishery Officers would be under the supervision of a Chief Fishery Officer, stationed in St. John's. They would be required to make periodical reports to the Chief Fishery Officer; such reports might be made fortnightly or monthly, according to the season. It would be necessary for District Fishery Officers to travel round their districts at frequent intervals; much use could doubtless be made of coastal steamers and local vessels, but it might be necessary in some instances to provide these officers with small motor-boats for use in connection with their duties. The District Fishery Officers would be charged with the supervision of the Government bait depots in their districts (see paragraph 368 below), and arrangements for regulating the distribution of bait would be an important aspect of their duties. The collection of bait for the Government bait depots, and the efficient working of these depots, would be a special responsibility of the Chief Fishery Officer.

356. During part of the winter District Fishery Officers might be withdrawn from their districts and assigned to special duties, either in the Fisheries Bureau at St. John's or the Research Laboratory at Bay Bulls, where they might undergo special training according to the needs of their districts. For part of the winter these officers would, no doubt, be occupied in their districts in completing their reports, collecting statistics and data, encouraging boat-building and organising

courses of instruction for the fishermen.

357. The existing Fisheries Research Commission would be abolished and a new Fisheries Advisory Board would be set up under the Chairmanship of the Commissioner. Members of this Board would be the Administrative Secretary and the Director of the Research Laboratory, and three representatives nominated by the exporters. Representative fishermen would be called in as necessary. The Board would be purely advisory, all executive powers being vested in the Commissioner.

358. Attached is a chart showing the organisation of the Bureau (page 129).

## 2. COMMERCIAL.

359. We recommend that immediate action should be taken to retire the credit system by stages, and that to this end regulations should be issued providing that in 1934 no merchant shall purchase fish from the fishermen without a minimum cash payment of 20 per cent. of its value. Adequate steps should be taken to make this decision known throughout the outports. The minimum could later be advanced by stages to say 80 per cent.

360. Consideration should be given to the question of establishing auctions for fish on specified days in St. John's and one or two chief centres. Steps of this kind, if found practicable, would gradually accustom the people to the handling of money and would facilitate the ultimate withdrawal of the credit system.

361. The formation of Fishermen's Mutual Societies should also be encouraged, but under appropriate safeguards. By purchasing at wholesale prices, such societies would enable their members to obtain their supplies at rates far below those at present charged; the reduction in costs which would be brought about by this means might make all the difference in making the fishery pay. Such societies, if completely organised and managed, would encourage a greater degree of community effort and might prove a powerful factor in breaking down the credit system and establishing the fisheries on a cash basis. Reference is invited in this connection to the experiments with co-operative stores conducted by Sir Wilfred Grenfell in the north of the Island and in Labrador.\* What has been found possible in those remote districts should be possible in localities with greater resources in personnel and more readily susceptible of supervision.

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\* Sir W. Grenfell, "The Story of a Labrador Doctor," 10th edition, London, 1932, pp. 96-101.

*Image description updated May, 2004.*

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## CHAPTER VI.--THE FISHERIES.

### IV.--RECOMMENDATIONS. (continued)

#### B. Methods.

362. What is most needed in Newfoundland is the resuscitation first of the deep-sea fishery and, secondly, of the fall fishery: the revival of these fisheries would add four months to the intensive fishing season, since fishing could start generally in February or March instead of in June and would not end until the last week of October or the middle of November. The inshore trap fishery could be carried on as usual. This extension of the active season would enable a much larger catch of fish to be obtained and the increased earnings, if combined with measures to breakdown the credit system, would offer the average fisherman the prospect of achieving independence. The country has now sunk so low that the rehabilitation of the fisheries on a paying basis must be regarded as of immediate and capital importance and as the first objective of the new administration. Little can be expected of private enterprise in present conditions, and it falls to the Government both to indicate the way out of present difficulties and to give the country a lead which will set the industry on the right road. We fully appreciate the disadvantages of government participation in matters which would ordinarily be the care of the trade itself; but seeing that the whole economic structure of the country rests upon the fisheries, and that the welfare of every Newfoundlander is linked directly or indirectly, with the well-being of the fishing industry, no Government of Newfoundland can afford to stand by while the fisherman sinks lower and lower and the country moves steadily nearer to economic collapse.



#### Organisation of Fisheries Bureau of Department of Natural Resources Chart.

From *Newfoundland Royal Commission 1933 Report* (London: His Majesty's Stationary Office, 1934) 129.

[Larger Version](#) (36 kb)

363. We have therefore worked out an experimental scheme for the resuscitation of the deep-sea and fall fisheries, which we recommend should receive the urgent consideration of the Government. It should be understood that this scheme, which is outlined in the following pages, is based on the data which we have collected in the course of our enquiry.

#### 1. SCHEME FOR THE RESUSCITATION OF THE DEEP-SEA AND FALL FISHERIES.

(a) *Deep-Sea Fishery.*

364. It is desirable to recover much of the ground which has been lost, as far as the prosecution of the Bank fishery is concerned. While, of course, the steam or motor trawler is the recognised modern fishing unit, particularly where part or all of the catch can be sold fresh, and therefore at a fairly remunerative level, there are two chief reasons why trawlers are, at present at all events, unlikely to prove superior or equal to schooners as agents for prosecuting the Bank fishery from Newfoundland.

365. In the first place, approximately one-fifth only of the Bank area is suitable for trawling. This area is, on the whole, sandy and smooth; the remainder is rocky or boulder-strewn and would destroy nets hauled over its surface. Schooners can set their long lines (locally called "trawls," a misnomer causing some confusion) on practically any portion of the Banks, and thus have a longer fishing season, as fish can be followed from one ground to another. Similar considerations apply also to the Labrador area, almost the whole of which is unsuitable for trawling.

366. Secondly, there is practically no fresh-fish market open to Newfoundland codfish at the present time, nor is any such market likely to be available in any near future. Only saltfish prices can therefore be expected. These are, in general, too low to justify the overhead costs entailed by working steam trawlers, unless continuously great catches are obtained, an objective which can only be achieved for part of the year (the spring in particular) on the Banks. French trawlers obviate this difficulty by turning to Greenland, Iceland and other prolific grounds such as the Spitzbergen region, as and when necessary.

367. In these circumstances, it is considered that schooners, working in groups from single bases, avoiding dead time in port while awaiting bait and other supplies, and working intensively on a circuit of the best yielding fishery grounds according to season (e.g., the Western Banks, Grand Bank, the Straits of Belle Isle, and Labrador), should prove to be the most economical and remunerative fishing units. In the first instance, further data on the subject of the possible utilisation of occasional steam trawlers can be obtained by working the existing vessel, owned by the Government, in conjunction with the first schooner group.

368. The following is the outline of the scheme we have in view:--

(1) The object to be aimed at is the establishment of schooner bases at strategic points, such as Port Union, Harbour Grace or Carbonar, Bay Bulls, Cape Broyle, St. Mary's, Burin and Belleoram. (See Map. 5.)

(2) With a view to encouraging the formation of such bases, one of these points would be selected by the Government and a schooner base established there for experimental purposes under Government supervision.

(3) The Government would hire or purchase up to twelve schooners of the large banking type, i.e., about 150 tons, would man them with local crews and would operate them from the base as a business proposition. A start might be made with four schooners and the numbers increased gradually. The personnel would be built up over a period of time selectively and by training. They would be paid regular wages, and would receive in addition a bonus based on the value of

the catch.

(4) Bait and salt depots would be maintained to prevent dead time between voyages; other supplies for the vessels would be obtained at the best competitive prices.

(5) Curing would be on the centralised plan and would be aided by artificial dryers.

(6) The schooners, which would work as a group under the command of a specially selected Captain, would be assisted in locating the best fishing grounds from time to time by the scouting cruises and hydrographic work of the steam trawler Cape Agulhas, whose services for this work are available for the next two years at least.

(7) It is suggested that, in order that this experiment may be conducted in conjunction with other experiments which we recommend below, the base selected should be Bay Bulls and the execution of the scheme be entrusted to the Director of the Fishery Research Laboratory. Some facilities for curing and artificial drying and for cold storage of bait already exist at Bay Bulls, and can be amplified as required.

**Cape Broyle (Southern Shore), n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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*Image description updated May, 2004.*

## CHAPTER VI.--THE FISHERIES.

### IV.--RECOMMENDATIONS.

#### B. Methods.

#### 1. SCHEME FOR THE RESUSCITATION OF THE DEEP-SEA AND FALL FISHERIES. (continued)

##### (b) *Fall Fishery.*

369.--(1) The fall fishery depends for its success on adequate supplies of bait, which have seldom been available since squid came to be regarded as the only suitable bait. Two requirements are therefore essential:--

- (i) The fishermen must be brought back to the use of herring, which, we learn, was almost exclusively used as a fall bait 40 years ago.
- (ii) The distribution of bait must be efficiently organised-- i.e., there must be a regular bait service.

(2) The first requirement can be met by educational propaganda. The second requirement will involve the erection by the Government of bait depots at strategic points, such as Bay of Islands, where supplies both of herring and electric power are available. Six such depots, each capable of holding 200,000 to 400,000 lb. should be sufficient for the purpose.

(3) Use might be made, both in the meantime and subsequently, of certain existing depots operated by private enterprise, such as those at Holyrood and Burin, which are at present empty. Herring bait could be transferred to these depots when squid is lacking, and in one of them, at least, large quantities of well-frozen caplin might be stocked.



#### **Path-End, Burin, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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(4) From the six main depots bait would be transferred to the various bays, as required, and stored in small, electrically refrigerated stores, ordinary ice-salt freezing chambers, or even in ice, for gradual use. It is very unlikely that in any one year sufficient squid will be obtained to take up more than half the space available in the depots. It will be necessary for a refrigerated vessel to be chartered for two or three months each fall to visit the fishing grounds where squid is most prolific, to secure all the squid possible, and thereafter to proceed to Bay of Islands in November and December and obtain sufficient herring to complete the filling of the bait stores. The bait will subsequently be distributed--

- (a) by schooners visiting the stores and buying direct for the Bank fishery;
- (b) by the refrigerated vessel herself during her ordinary work of collecting in the fall months;
- (c) by Government coastal vessels, as required;
- (d) to foreign vessels, if a surplus remains over local needs.

Information as to the amount of bait in store would be sent out once or twice daily by wireless (as is present done in Nova Scotia).

(5) Consideration should be given as to whether and how far charges should be made for bait to other than foreign vessels. It will be seen from paragraphs 374 and 377 that we have suggested that the undertaking might be financed, in part, by means of a tax of two cents a quintal on fish exported.

(c) *Concurrent Experiments.*

370.--(1) It will be seen that the provision of cold storage facilities is an essential part of both the plans outlined above. The cold storage facilities contemplated under the second plan will be used entirely for bait; but those contemplated under the first plan might, we suggest, be used also for other experiments.

(2) For example, the supplies of cod-heads and sound-bones available both from the operations of the schooners and from the local trap-fishery might be kept in cold storage until the rush of the trap-fishing was over, when they might be processed at leisure for fish-meal. With the addition of caplin, cod-liver residues and other seasonal material it might thus be possible to feed a fishmeal plant for a large part of the year. Experiment in one locality first of all will decide this.

(3) A canning industry might also be developed. There is room for bold experiments in the production, for home consumption, of a wider variety of fish products than are at present manufactured. A fairly wide range of canned fish products has been found feasible of production by laboratory tests. The following is a list of products capable of production (and in most cases already produced in Laboratory) in Newfoundland:--salmon, salmon croquette, salmon crême, cod fillets, smoked cod fillets, cod tongues, codfish croquette, smoked haddock, smoked turbot, lobsters, caplin, smoked caplin.

At the earliest moment a booklet should be prepared giving recipes, etc., for the production of these, and also for canning, bottling or otherwise processing the vegetable and fruit products of the country.

The existing vacuum canning plant at the Laboratory at Bay Bulls might with advantage, on its replacement by a more adequate apparatus, be transferred to St. Anthony, to the charge of the Grenfell Mission, where a large range of products is being grown and where fish, including salmon, are obtained so cheaply as to be capable of being canned at competitive prices for, say, the United Kingdom market.

(4) We recommend, therefore, that experiments in both these directions should be carried out by the Government in conjunction with the plan for the establishment of a deep-sea schooner base.

(d) *Finance.*

371. We estimate that, for the execution of the schemes outlined under Heads

(a), (b) and (c), an immediate capital outlay of approximately \$165,000 will be required, involving operation charges in the first year of about \$80,000, all of which, except in the case of the bait depots, would be directly recoverable. For the bait depots special arrangements are proposed. The indirect benefits which would accrue to the Exchequer as a result of increased employment, increased local business, an increased catch of fish and a new stimulus to the fishing industry, need not be stressed.

372. The following figures show the estimated cost of the schemes under each Head:--

*Head (a). Schooner Base, Bay Bulls.*

<i>(a) Capital Expenditure:--</i>	\$
Purchase of 4 schooners at, say \$7,000 each .....	28,000
Cost of refitting for sea, say .....	5,000
	\$33,000

<i>(b) Operating expenses:--</i>	\$
Outfit for season, including provisions, salt, fishing gear and bait, say \$5,000 each .....	20,000
Extras, including insurance, hire of store, etc. ....	5,000
Wages and bonus for captain and 22 men for 7 months at average of \$30.00 a month, say \$4,850 per vessel .....	19,400
Additional allowance to captain of group, say .....	500
	\$44,900

*(c) Operating receipts:--*

On the assumption that, at the outset, fish will be sold from salt bulk, i.e., without being dried and cured, the average receipts may be placed at \$3.00 a quintal.

The average catch of each schooner on the "circuit" basis may estimated at 4,000 quintals a year.

On this basis, the average annual receipts from each schooner will be \$12,000, and for 4 schooners ..... \$48,000

Thus giving a surplus of receipts over expenditure in the first year of ..... 3,100,

a sum which should be ample to allow for refitting at the end of the season.

*Image description updated May, 2004.*



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## CHAPTER VI.--THE FISHERIES.

### IV.--RECOMMENDATIONS.

#### B. Methods.

#### 1. SCHEME FOR THE RESUSCITATION OF THE DEEP-SEA AND FALL FISHERIES.

(d) *Finance.* (continued)

373. If the scheme proves successful and is extended gradually to 12 schooners, as contemplated under paragraph 368 (3), it will be a question for consideration whether the fish caught should not be cured and dried by those in charge before being sold. The average price that would be received for dried fish would be in the neighbourhood of \$4.00 to \$5.00 a quintal, and possibly even higher prices would be obtained if the markets improved. The gross receipts from the operation of the schooners would thereby be greatly increased, but against this increase would have to be set the cost of the additional facilities for storage, curing and artificial drying that would be required at Bay Bulls, or alternatively of hiring such facilities elsewhere. A further consideration which would arise is that, if the whole operation of curing and drying was to be conducted by the Government, much additional work and responsibility would be thrown on the directing staff of the Laboratory. Such work, unless additional personnel could be provided, might interrupt the important research work which is now in progress and which must continue to be the main concern of the Laboratory. The operation of the schooners, and the experiments in canning and the production of fish-meal, etc., which would be rendered possible, would, however, in themselves, provide a valuable adjunct to the existing duties of the Laboratory, and so long as the fish is sold from salt bulk, i.e., without being dried or cured, the danger of the main work of the Laboratory being interrupted would not be likely to arise.

#### *Head (b). Bait Depots.*

374. (a) *Capital Expenditure:--*

Six depots at \$20,000 each, completely equipped and left in running condition .....	\$120,000
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(b) *Operating expenses:--*

Catching of fish for depots and transfer from one depot to another, say .....	15,000
Transfer of bait depots to bays by local vessels (mostly done by coastal steamers), say .....	2,000
Wages of operating staff at depots: one man at each depot with help as required, say \$1,000 each .....	6,000
Cost of electric power and incidentals, say \$1,500 each .....	9,000
	-----
	\$32,000
	-----

(c) <i>Operating receipts</i> :--	\$
Sale of bait to schooners, companies and foreign vessels, say .....	10,000
Proceeds of tax of 2 cents a quintal on fish exported (average 1¼ million quintals) .....	25,000
	-----
	\$35,000
	-----

375. The foregoing estimate does not allow for the erection of small scale storage facilities in the Bays, other than those in which the depots are situated. Such storage is left, in the first instance, to the fishermen themselves, who should be encouraged to put away ice in the winter. If, however, funds should later be available, small scale storage facilities should be erected in the Bays and operated by the Government in connection with the main scheme. Such facilities would consist either of small refrigerating plants which could be erected at a cost of \$1,500 each, or ice-salt freezing chambers which are cheaper, but not so simply operated, and are not so effective in holding the bait in sufficiently good condition. Ice itself will hold bait in fairly good condition for one to two weeks, if the gut (in the case of herring) has been removed.

*Head (c). Concurrent experiments.*

376. (a) *Canning*:--

The additional canning equipment necessary at Bay Bulls would cost some \$3,000.

Operating expenses would be approximately \$4,000 a year, and these should be more than covered by receipts which may be placed at about \$5,000 a year.

(b) <i>Fish-meal</i> :-- <i>Capital Expenditure.</i>	\$
Conversion of existing cold store, etc. ....	3,500
Installation of plant yielding 2½-5 tons a day .....	5,000
	-----
	\$8,500
	-----

*Operating Expenses.*

It is estimated that these would amount to 2.15 cents a pound.

Production would amount to about 250 tons a year. On the basis of a selling price of 3-4 cents a lb., costs would be covered with a production of 100-150 lb.

(e) *General.*

377. It will be seen from these estimates of cost that provision has been made, in the case of the bait depots, for the imposition of a special tax of 2 cents a quintal on fish exported. A tax of this character and amount is in force at the present time, instituted under the Salt Codfish Exportation Act of 1933, but the proceeds are devoted towards the expenses of the Exportation Board, established under the Act. This Board we have recommended should be dissolved, its functions being assumed by the new Fisheries Bureau. We consider, however, that the tax should remain in force, the proceeds being devoted towards the expenses of operating the new bait depots to be constructed under Head (b) above. The institution of efficient arrangements for the collection and distribution of bait is one of the main needs of the fishing industry, and should prove of immense benefit to fisherman and exporter alike. On the other hand, this is a

branch of activity which, in ordinary circumstances, would be expected to be assumed by the trade itself and we consider that, until such time as it is in a position to take over these duties, the imposition of a special tax which would save the Government from loss would be fully justified.

378. We have pointed out that the time has come when the fishing industry must inevitably go through a process of reorganisation. We feel confident that, once modern and scientific methods are adopted, the industry will soon recover its lost ground, and will move forward to a new level of achievement. When this advance takes place, it will no doubt be capable of assuming entire charge of essential activities, such as the collection of bait, the regulation of shipments and other matters in which Government intervention has been brought about only by internal disunion in the ranks of the exporting firms. So also do we contemplate that it will later take over the operation of the schooner base and the subsidiary enterprises, to the development of which we attach much importance. The schemes we have recommended are designed primarily to give the industry a lead, to avert the collapse with which the industry, and with it the country, is threatened, and to provide the fisherman with a new chance of earning a livelihood during the period in which the industry is reorganising itself on the best basis for meeting foreign competition. So soon as this has been achieved, the operations conducted by the Government would doubtless be transferred to private enterprise.

## 2. NEED FOR IMPROVED APPARATUS IN THE OUTPORTS.

379. Encouragement should be given to the spread of improved apparatus in the outports, round which a practical form of centralisation may grow naturally and not artificially. Inexpensive fish dryers, for example, should be established by the trade in each outport of size and used judiciously. If this is done the fishermen will tend to take their fish to the dryer whenever indifferent curing weather is experienced. Improved apparatus for canning, or for the production of cod-liver oil, will lead to local centralisation of these subsidiary industries, in place of the waste or overlapping resulting from the concurrent operation of two or three small plants within a short distance of each other. Better facilities for the washing of fish are badly needed in many places, and efforts should be made to introduce these wherever practicable. Any expenditure undertaken by the Government could be recouped by making a small annual charge for the water supplied. In addition to the more widespread provision of running water in fish premises, attention should be given to the general problem of the water supply of the actual dwelling houses in the outports.

### **Calvert (Southern Shore), n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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## 3. INSPECTION OF FISH PREMISES.

380. Government inspection of fish premises should be instituted and hints given where required. Inspection should be carried out by the District Fishery Officers and should apply to all premises, whether belonging to the fisherman or the exporter, where fish are handled. Regulations should be issued defining the standard requirements to be observed, and the penalties for their non-observance. Premises should be examined from the standpoint of their general suitability for the purpose in view, and in particular from that of cleanliness. Important factors in the case of fishermen's premises would be the water supply, and facilities for washing fish and for the disposal of waste. Many fishermen hardly recognise even yet that fish is an article of food; while we have seen fish treated in some of the premises of fish exporters in a manner which can only be described as primitive. The exercise of greater care, and the inculcation of higher standards, are essential if the industry is to re-establish itself in the respect of the world.

*Image description updated May, 2004.*

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## CHAPTER VI.--THE FISHERIES.

### IV.--RECOMMENDATIONS.

#### B. Methods. (continued)

#### 4. CONTROL OF SHIPMENTS TO FOREIGN MARKETS.

381. An essential corollary to the encouragement of improved methods of catching and curing fish, and of improved relations between fisherman and exporter, is the introduction of an economic system of marketing. Shipments to foreign markets must be so spaced and controlled as to prevent individual markets being glutted and to ensure that the best returns are received by the exporter and, ultimately, by the fisherman. Had the plans tentatively under discussion by the Salt Codfish Exportation Board been further advanced, it might have been possible to leave the control of shipments to the trade itself, requiring it merely to render returns to the Government. In present circumstances, however, we doubt whether any comprehensive agreement could be reached among exporters without Government assistance, and be appointed, under the Chairmanship of the Commissioner in charge of the Fisheries Bureau, to deal with this subject. This Committee, which might be known as the Control of Shipments Committee, would be composed of six members, exclusive of the Chairman, such members to be nominated by, and representative of authorised exporters. The Committee would be purely an advisory committee, its object being to assist the Commissioner in arriving at a satisfactory arrangement for the spacing and control of shipments, and in smoothing over any difficulties which might be encountered from time to time. The Commissioner would endeavour to act, as far as possible, in agreement with the trade. In the event, however, of the Committee failing to agree upon any workable plan, it would be open to the Commissioner to recommend to the Commission of Government (which we propose) the issue of such regulations for the control of shipments as would, in his opinion, be to the general advantage of the industry.

#### 5. ENQUIRY INTO POSSIBILITY OF BUILDING UP LOCAL CARRYING FLEET.

382. We have already indicated the serious loss which the country generally, and St. John's in particular, suffers through the absence of a local mercantile marine. It is, to say the least, highly anomalous that in a maritime country, proud of its sea-faring traditions, with an extensive European and South American trade, use should be made of foreign vessels to carry its products to market. It is still more anomalous that the foreign vessels generally employed for this purpose should be those of a nation which is one of Newfoundland's chief competitors in the codfish markets of the world. The decline in activity in St. John's which has resulted from the chartering of these vessels, coupled with the loss to the country of the sums annually remitted abroad on this account, represent a serious weakness which will need to be remedied before the country can rest content with its economic position. We need not reproduce here the arguments put before us in explanation of the present state of affairs. We content ourselves with recording the facts and suggesting that a special enquiry

should be instituted, with a view to the elaboration of a practical scheme for encouraging the gradual formation of a local carrying fleet.

## 6. STATISTICS.

383. More adequate collections of statistics relating to the fisheries should be made. Much of this work could be done by the District Fishery Officers, with the assistance of local officials in the outports. The District Fishery Officers would render regular returns to the Fisheries Bureau. The trade itself compiles certain statistics, e.g., relating to salmon and lobster catches, and such compilations could be systematised and made more general for periodical return to the Fisheries Bureau. Statistics relating to market conditions, such as prices, movements and stocks, shipments, proportion of qualities of fish, production in competing countries and so forth, might best be handled by the Newfoundland Board of Trade, whose co-operation might be enlisted for this purpose.

## 7. EDUCATION.

384. The means for providing organised education in fishery matters should be investigated and practical education in such matters should be fostered. There are various ways in which this might be done:--

(1) We suggest that a special educational branch should be established at the Fishery Research Laboratory at Bay Bulls. Short courses of instruction in the general structure of the fisheries, and in the most important considerations to be kept in view by the fisherman, might be organised by the Director and conducted by a member of the existing staff, who might be specially allotted to this work.

(2) Vacation courses might be attended by teachers, who would appear to be the best agents for spreading useful information in the outports. Teachers might be required, as part of their training, to undergo such a course, and might then in turn organise outport courses of instruction. It is especially important that the interest of the younger generation in the fisheries should be quickened, and first principles inculcated which will afterwards serve them in good stead and lead to a progressive improvement in fishery methods.

(3) Parties of young fishermen might also be selected for short courses of instruction at Bay Bulls, especially during the winter months. Two such courses have already been held with success and the experiment should be continued, with the aid, if necessary, of a small Government grant.

(4) The courses should, in addition, be open to the attendance of any person interested in or connected with the fishery on payment of a small fee. The more widely a correct knowledge of requirements is disseminated, the more quickly will the industry be likely to recover.

(5) Arrangements might also be made for occasional visits by members of the staff of the Laboratory to the outports, where they could have informal talks with the fishermen, give them hints in reconciling theory with practice, and arouse their interest by showing them lantern slides illustrating the points made. It is gratifying to learn that, during the 1933 fishing season, the Government provided

the means for two members of the staff to make a tour of Placentia Bay, over 20 outports being visited. Informal discussions were entered into with the fishermen, with satisfactory results.

(6) We suggest that the clergy might also be asked to use their influence in furthering all measures for the betterment of the fisheries. We feel sure that they will readily agree to do so.

(7) In the winter months it would be desirable that training or instruction should be developed in such subjects as first-aid, hygiene, navigation, practical agriculture and domestic science. We make elsewhere the suggestion that every encouragement should be given to the fostering of home industries in connection with the fisheries.

(8) Instruction in marine biology is already given at the Memorial College, at St. John's. Any students intending later to take up occupations connected with the fisheries should be encouraged to take up this subject and to devote a proportion of their time to practical work at Bay Bulls.



**Pouch Cove (18 miles from St. John's), n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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385. What is needed in fact is a national campaign directed to the rehabilitation of the fishing industry, the discarding of any outworn and unscientific practices in favour of methods more in accordance with modern industrial standards, the substitution of team work for individual effort, and the development of a local market for the wide range of fishery products capable of being produced locally but now neglected. In this work all classes of the community have an interest and all can help.

*Image description updated May, 2004.*

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## **CHAPTER VII.--PROSPECTS FOR THE IMMEDIATE FUTURE.**

386. It will have been appreciated from the account of the financial position given in Chapter IV, from the views which we have expressed in Chapter V regarding the present state of the country, and from the description of conditions in the fishing industry in Chapter VI, that there is no immediate prospect of the Island being able to show a balanced budget so long as it is crippled by the present burden of debt. We propose in this chapter to examine in greater detail the resources and prospects of the country, other than those connected with the fisheries.

### **Timber.**

#### 1. THE ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY.

387. Newfoundland's forest areas, which are estimated at 25,000 square miles, remained largely undeveloped until the advent to the Island of the first newsprint enterprise in 1905. From 1900 onwards Messrs. Harmsworth of London had been looking for suitable forest areas for the manufacture of pulp and paper, and in 1903 their attention was attracted to the possibilities of Newfoundland. In 1905 negotiations with the Government and with local property-owners were brought to a successful conclusion. Suitable properties were acquired: the Anglo-Newfoundland Development Company was formed to operate them; and an Act was passed by the Newfoundland Legislature granting the Company certain concessions, enabling it to lease for 99 years an area of about 2,000 square miles, with Red Indian Lake as its centre (see Map No. 1), and giving it the right to cut logs for pulp-wood from the entire watershed of the Exploits Valley. Further lands have since been acquired and the holdings of the Company now total 7,400 square miles, of which 25 are held in fee simple and 7,375 are held on licence and lease for 99 years from 1903 and various dates, involving payments for rental of \$13,350 per annum. The land and buildings are free of all rates and taxes.

388. The construction of the Company's Mill, which is situated in the interior of the Island at Grand Falls on the Exploits River, was started in 1905 and completed in 1909. Three paper-making machines were installed, with 18 wood-pulp grinders and two sulphite pulp cooking digesters, giving an average output of 120 tons of paper a day. In 1912 additions were made which raised the average daily output to 190-200 tons of paper, and since that date the Mill has steadily grown until it is now capable of an average production of 500 tons a day.

389. A town of about 5,000 inhabitants has grown up round the Mill of which the major portion has been built by the Company on its own land. This part of the town has been carefully and attractively laid out. Five churches have been built by public subscription, to each of which the Company makes an annual contribution. The Company has provided and maintains a school; it has also provided a public hall, recreation and reading rooms, a library, a well-equipped hospital, and a commodious staff-house. There are also clubs, recreation



grounds and other amenities. The houses are fitted with electric light, modern water and drainage systems have been installed, and the town is well supplied with shops. The Company owns a farm which provides the town with milk and vegetables.

390. In spite of the low price of paper, the Mill has continued to work on a full-time basis, and provides employment for about 700 persons. Salaries and wages have been substantially reduced during the last two years, but the town remains the most prosperous community in the Island. Skilled workers receive on the average 60 cents, semi-skilled workers 40 cents, and labourers 28 cents an hour. The day is divided into 3 shifts of 8 hours each and work is continuous apart from Sundays. The personnel employed is almost entirely of Newfoundland birth. Difficulty was at first experienced in obtaining suitable men for appointment as foremen or superintendents, for the Newfoundlander, while a steady and intelligent worker, is apt to shrink from responsibility and the exercise of discipline. This difficulty, however, is being gradually overcome.

391. Relations between the Company and its employees are good. Several Trades Unions are either centred at, or have branches in, Grand Falls, and we were pleased to note the spirit of co-operation which existed between the management and the staff. The record of the Company in promoting the welfare of its employees, inside and outside the Mill, is such that the recent reductions in wages, though severe, have been accepted with a good grace. Under present conditions, indeed, the mill may be said to be an oasis in a desert of tribulation; the extent to which it has benefited the people may be judged from the statement, recently made in the Legislative Council, that some \$73,000,000 had been disbursed by the Company in Newfoundland, principally in the form of wages, since it was first established in 1905.

392. The success of the mill, and the rapid rise and growth of Grand Falls, have, however, brought their dangers. We were informed, for instance, that the growth of population was such that a child was born in the town every day of the year. The children of the first party of workers to be employed in the Mill are now growing up and cannot readily be absorbed; the children of late-comers are pressing on their heels and will soon be in need of employment. It will be difficult to find any outlet for them in Newfoundland.

393. This, indeed, is a problem that is of general application throughout the Island. Large families are the rule in Newfoundland; at the time of the 1921 census 50 per cent. of the population was under 20 years of age. In the past the surplus population has been relieved by emigration to Canada and the United States to the extent of about 15,000 a year; but emigration has now been checked as a result of the world depression and is unlikely to be resumed on the same scale for some time to come. There has been, moreover, during the last two years a marked tendency for increasing numbers of Newfoundlanders to seek a refuge in their own country from difficulties abroad. Unless new outlets can be found, which will provide employment both for those returning and for the rising generation, the Government will be faced not only with recurrent charges for relief but with the demoralisation through the lack of work of what is potentially the most valuable element in the community. This problem is partly linked with that of education to which reference is made elsewhere.

394. At the moment the people of Grand Falls do not seem to be greatly concerned with these speculations. They are proud of their town, of the Mill and

of their work. They are largely self-contained, and have but a general knowledge of the Island's political and financial affairs; their feeling on these matters is summed up in the statement that was freely made to us that the rest of the Island was being sacrificed to the interests of the Avalon Peninsula, and that it was iniquitous that a crippling tariff should be imposed on the whole country in order to satisfy the greed of one corner of the Island. There is an element of justice in this connection, for high tariffs and high railway freights fall heavily on the people, but the point we would make here is that it would be unfortunate if a community with all the advantages of Grand Falls were to become so self-centred as to make no effective contribution, by taking part in the public life of the Island, towards the solution of the country's difficulties. At present the feeling in the town of Grand Falls is that it is contributing to the revenues of the Island out of all proportion to the benefits received, that is, the taxes levied and collected are expended elsewhere.

**Beachy Cove (7 miles from St. John's), n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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395. Work in the forests which supply the mill gives employment to an average of 1,200 men for six months in the year. The operations in the woods, cutting, hauling and driving, have been described in Chapter V.\* At the height of the cutting season, the number of men employed is 1,400; there follows the hauling for which some 900 men are re-engaged; and this number is again reduced during the ensuing driving operations. The wood used in the Mill is mostly Black Spruce (*Picea Mariana*) and Balsam Fir (*Abies Balsamea*). The forests also yield a small percentage of hardwood, mostly birch, larch or tamarack (called "juniper" in Newfoundland), aspen, and white pine. These trees are not suitable for paper-making and are left standing when cutting takes place. The Company also own a Groundwood Pulp Mill at Bishop's Falls, having acquired this mill in 1923 from the Albert E. Reed and Company (Newfoundland), Limited; the capacity of the mill is 180 tons, dry weight, daily and the production of groundwood slush stock at Bishop's Falls is pumped to the Paper Mill at Grand Falls through a 20-inch pipe-line a distance of 11 miles. A town site has been laid out by the Company at Bishop's Falls on lines similar to those at Grand Falls.

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\* Paragraph 205.

*Image description updated May, 2004.*

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### **Timber.**

#### 1. THE ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY. (continued)

396. There is no re-afforestation, the Company relying on natural growth to replace those areas which have been cut. The growth of the Black Spruce varies according to its situation, but the tree usually takes 70-80 years to reach maturity. The Balsam Fir has a quicker growth and often reaches maturity within 60 years. With its 7,400 square miles of forests the Company is satisfied that with careful management these will continue indefinitely to meet the requirements of the Mill on the basis of the present output of 500 tons of paper a day. The need for careful management is emphasised since the danger from forest fires is a very real one. The Company has instituted an efficient fire-patrol service, and every precaution is being taken to conserve what are not only its own interests but the interests of all that portion of the population which looks to Grand Falls for a livelihood.

397. The timber cut annually amounts on the average to 162,500 cords or 83,200,000 feet board measurement. It is the practice of the Company to enter into contracts for the cutting of timber with some 97 contractors; these in turn enter into sub-contracts with individual workers. The low price of paper has compelled the Company to reduce the rates offered to contractors, and this in turn has led to a reduction in the piece prices paid by contractors to the men or sub-contractors. In former years the piece price or rate paid to the men averaged \$2.00-\$3.00 a cord; last season the average price was \$1.50 a cord. The output per man varies from ½ a cord to 3 cords a day; the average is said to be 1.4 cords a day. Out of his earnings each man is called upon to pay 60 cents a day for his living expenses in the lumber camp and to make a contribution of 40 cents a month towards the services of a doctor. In addition he must provide his own transport to and from his home at the beginning and the end of the operations. At the former rates per cord, he could make a comfortable living; at the present rates, his margin is small.

398. The paper produced at Grand Falls is used in England: the depreciation of sterling, therefore, placed the Company at a serious disadvantage. Now that the value of sterling more nearly approximates to parity with the Canadian dollar, the economic position of the Company has been improved. Elimination of oppressive overhead charges has been achieved by the recent reconstruction of the Company on a new basis, and it may be expected that the recent rise in world commodity prices will extend also to the price of paper. These factors encourage the hope that the most difficult period at Grand Falls has been safely passed; and that, even if a general trade recovery should be delayed, the Company will find itself able to embark on a policy of the gradual restoration of wages and contract rates to the levels formerly in operation.

Reference is made in paragraphs 459-464 to the Company's shipping port at Botwood.

## 2. THE INTERNATIONAL POWER AND PAPER COMPANY OF NEWFOUNDLAND, LIMITED.

### A. Capitalisation.

399. The Mill at Corner Brook, now operated by the International Power and Paper Company of Newfoundland, Limited, has had a chequered history. The timber lands contiguous to the Mill, and the rights to the water-power on which it is dependent, were formerly the property of the Newfoundland Products Corporation, a subsidiary of the Reid Newfoundland Company. After the War the owners succeeded in interesting Sir W.G. Armstrong, Whitworth and Company, Limited, in a paper-making enterprise. As the result of an agreement made between the two Companies, a new Company, the Newfoundland Power and Paper Company, Limited, was formed in 1923 to take over the property, construct a mill and develop the power. The shares were held between the two Companies, the Newfoundland Products Corporation contributing the property and Sir W.G. Armstrong, Whitworth and Company, Limited, a large part of the cash.



**Humber Arm, International Paper Co.'s Mill, Corner Brook, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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400. The cost of the necessary construction work was estimated at \$20,000,000 or about £4,000,000, and this was financed by the issue of two series of debenture stock of £2,000,000 each, known as the "A" and "B" Stock respectively. In order to assist in the development of Newfoundland, which was then suffering from unemployment, and acting under the powers of the Trade Facilities Act, 1921, the United Kingdom Treasury guaranteed the interest and principal of the "A" Stock. This stock was secured by a trust deed giving the trustees a first mortgage on the fixed assets of the Company. The "B" Stock was similarly guaranteed by the Newfoundland Government and was similarly secured by a trust deed giving the trustees second fixed and floating charges. The agreement with the Newfoundland Government was confirmed by, and embodied in, an Act of the Newfoundland Legislature known as the Newfoundland Power and Paper Company Limited Act, 1923.

401. The work was put in hand early in 1923 and was, unfortunately, hurried too rapidly to completion. It was soon found that the first estimate was much too low. Not merely did certain parts of the work, notably the excavation of the nine-mile canal from Grand Lake to the power plant at Deer Lake (see Map No. 1), prove more difficult and costly than anticipated, but radical changes in the original plan were made. It had been intended to establish both power house and Mill at Deer Lake and to carry the paper by rail to Port-aux-Basques. It was, however, decided, in order to take advantage of the excellent shipping facilities at Bay of Islands, to place the Mill at Corner Brook (see Map No. 1). This necessitated the erection of a transmission line of some forty miles in length, as well as other minor adjustments. Finally, the original plans for housing the staff

and workmen of Corner Brook were considerably enlarged and a town-site was laid out, involving the erection of dwelling houses, buildings, waterworks and other undertakings of an expensive nature.

402. These alterations had the effect of materially increasing the estimated cost of construction. An additional sum of £4,000,000 was provided by Armstrong, Whitworth and Company, Limited. The transmission line, waterworks and buildings at Corner Brook, apart from the Mill buildings proper, were built out of this money, and for that purpose another company, the Newfoundland Power and Paper Corporation Limited, was formed, which owned these assets and afterwards utilised them by agreement with the Paper Company.

403. Notwithstanding the provision of so much additional capital, it was still found, early in 1925, that a further sum of £1,000,000 was needed to complete the construction. With some difficulty, and after the consent of the existing stockholders had been secured, a sum sufficient to cover this liability was raised by the issue of first mortgage debenture stock, ranking in priority to the "A" and "B" Stock. An important point to be noted in this connection, since it still exists, is that the transmission line, waterworks and some other minor units, which are an integral part of the manufacturing plant, were by this arrangement added to the assets forming the security of the stock issues. Up till then, as the property of the Utilities Corporation, they had not been included. It will be seen that the position of the bondholders was thereby greatly improved.

404. The Mill was opened, and the first paper produced, in August, 1925. It should here be explained that still another company, the Newfoundland Export and Shipping Company, Limited, was formed, through which the sales of paper were from the beginning, and still are, made.

405. It will be seen that by the time the Mill was opened the bonded capitalisation of the whole enterprise had grown to the large total of about £9,000,000 or \$45,000,000. Besides carrying that heavy burden, the undertaking was handicapped by the difficult task of building up suitable markets for its paper. For these and other reasons, which need not be detailed, it was found, after a year or so, that business could not be continued with such an overhead cost. It was accordingly decided to dispose of the Mill to an established undertaking possessing first-rate selling facilities.

*Image description updated May, 2004.*

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### Timber.

#### 2. THE INTERNATIONAL POWER AND PAPER COMPANY OF NEWFOUNDLAND, LIMITED.

##### A. Capitalisation. (continued)

406. Negotiations were begun in 1926 with the International Paper Company of New York and completed in 1927. An Act to confirm the agreement reached was passed by the Newfoundland Legislature in 1927, and the actual transfer took place in January, 1928.

407. The reconstruction scheme represented by this sale involved drastic financial modifications. Briefly, the International Paper Company took over the properties for a cash payment of £500,000 and the assumption of the three existing stock issues, amounting to £5,000,000. All other secured and unsecured liabilities, except as hereinafter mentioned, were cancelled. The Bankers who held £2,000,000 bonds of the Newfoundland Power and Paper Utilities Corporation, Limited, received, in consideration of the sale and the cancellation of these bonds, the sum of £500,000 above mentioned and preference shares, to the amount of £2,000,000, in a new company which was formed to work the undertaking, viz., the International Power and Paper Company of Newfoundland, Limited. The United Kingdom Treasury and the Bank of England each have the right to appoint a Director on the Board of the Company, and have appointed Sir George Barnes and Mr. Frater Taylor respectively. The Newfoundland Government has the right to appoint two Directors, and has appointed Mr. H.A. Winter, a Member of the Executive Council of Newfoundland, and Mr. W. Abbott, a Member of the House of Assembly.

408. The present position of the company in respect of (1) share capital, and (2) loan capital may be summarised as follows:--

(1) *Share Capital.*-- The nominal capital of the Company is £5,000,000 preference and common stock (for certain legal reasons the sterling denomination was used), divided into 5,000,000 shares of £1 each. There have actually been issued:--

(a) £2,080,000 five per cent. preference shares, cumulative after 1933. Of these, £2,000,000 are held by the Bank of England and £80,000 by Reid interests. These shares are non-voting except two years after default and have no pre-emptive rights in respect of additional shares issued.

(b) £500,000 common shares, all of which are held by the International Paper Company of New York.

(2) *Loan Capital.*--(a) £1,000,000 five per cent. First Mortgage due 1968. These were issued in connection with the repayment of the money raised in 1925 as mentioned above and are the first charge upon the properties. Under the Act of 1927 the Company has the right to borrow fresh money to a total of £4,000,000 (i.e., an additional £3,000,000) for the purpose of extensions of its plant, etc., subject to strict conditions ensuring fresh adequate security; and these bonds form part of such issue.

(b) £2,000,000 4½ per cent. "A" Debenture Stock, guaranteed by the United Kingdom Treasury.

(c) £2,000,000 5½ per cent. "B" Debenture Stock, guaranteed by the Newfoundland Government.

(d) About \$1,550,000 (say £320,000) due to the Bank of Montreal for current loans as working capital. The Bank has a floating charge on the wood and paper of the Company, secured by security receipts, and the amount of the advances fluctuates within a reasonably small margin.

(e) Trade and other current liabilities which are normal with the exception of loans approximating to \$1,000,000, due to the International Paper Company.

409. Certain aspects of the "A" and "B" Debenture Stock are of importance and should be noted. When these issues were originally subscribed the "A" Stock was to have been redeemed, through a Sinking Fund, in 1948; the "B" Stock a few years later. The International Paper Company represented that they could not bear the heavy burden of such sinking fund, and arrangements were made to lighten the burden by extending the period over which repayments were to be made by the Newfoundland Company.

410. These arrangements were as follows:--The "A" Stock will be paid off at par by 1948 in accordance with the terms of the original issue, partly by means of sinking fund monies to be provided by the Company and partly by means of sinking fund payments to be provided by the United Kingdom Treasury. These latter amounts begin in 1933 and increase from £47,700 in that year to £169,200 in 1948. The "A" Stock, redeemed by the payments made by the Treasury is to be re-issued to the Treasury in the form of extended "A" Stock, which is to be redeemed by the Company, at a premium of 5 per cent., by means of Sinking Fund payments over the period 1949-1973. It carries interest at the rate of 4½ per cent. per annum from the date of issue. In point of security the extended "A" Stock ranks immediately after the "A" Stock outstanding. It does not carry the guarantee of the United Kingdom Treasury.

411. The period of the "B" Stock guaranteed by the Newfoundland Government has been extended to 1970. From 1928 to 1933 the Company was to pay (and has paid) about £12,000 yearly in respect of capital repayment and from 1933 to 1970 will pay just over £16,000 yearly in this respect. The "B" Stock is redeemable at a premium of 5 per cent.; this premium, however, is not guaranteed by the Newfoundland Government.

412. The Company has the option, at any interest date, provided that it has given three calendar months' notice of its intention, to pay off in whole or in part either the "A" Stock or the "B" Stock or the extended "A" Stock.

413. The trust deeds securing both Bonds contain full and careful provisions for the protection of the bondholders and the appointment of receivers, etc., in case of default.

414. As stated above the Agreement made in 1927 was confirmed by an Act of the Newfoundland Legislature. Besides embodying the new financial terms explained above, the Act contains provisions regarding taxes, duties and other matters usually contained in agreements respecting new industries. The most important of these provisions are the following:--

(a) As long as any "B" Stock is outstanding, the Company must maintain its liquid assets at an inventory value of at least half a million dollars (£100,000). It may be said that to date those assets have been far in excess of that figure.

(b) The provisions regarding Customs duties are elaborate, but broadly they give the Company free importation for twenty years of all material needed for genuine initial construction work, but not in substitution for old material; on materials needed for renewals, the duties generally in force, but not to exceed twenty-five per cent. of cost, are to be applicable for forty years; and special terms are inserted regarding particular goods and classes of goods.

(c) In lieu of certain royalties payable by the old company on water power generated and paper manufactured, the Company has paid a straight tax, up to 1933, of \$75,000 (£15,000) annually; from 1933 until 1973 the tax is \$150,000 (£30,000).



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### Timber.

#### 2. THE INTERNATIONAL POWER AND PAPER COMPANY OF NEWFOUNDLAND, LIMITED. (continued)

##### *B. Prospects.*

415. It will be seen from the foregoing account of the capitalisation of the Company that the Newfoundland Government has a twofold interest in the success of the Company's undertaking. Not only is it concerned that the Mill should utilise its great advantages by working to full capacity, thus giving the maximum amount of employment, on remunerative terms, to the people of Newfoundland; but it has a direct interest in that it has itself guaranteed, both as to interest and principal, a series of second mortgage bonds to the value of £2,000,000 and bearing interest at 5½ per cent. The present depression of the newsprint industry, and the effect which this has had on the operations of the Corner Brook Mill, have, therefore, caused it serious anxiety.

416. Here it may be said that the Mill, though burdened with heavy overhead charges, is recognised to be in a favourable competitive position. It is one of the most modern Mills in the world, is well designed and solidly built and is equipped with the latest machinery. Its supplies both of timber and power are obtainable without difficulty. Apart, therefore, from overhead charges, its cost of production should be very low. Unlike Grand Falls, which was built nearly 20 years earlier, it is situated on the estuary of a river, which is open to navigation for the greater part of the year. The paper is thus loaded on to ships direct from the Mill, and the Company is saved the cost of transport to the sea which, in the case of inland mills, is an important item in cost. By operating its own steamers, the Company is enabled to land its paper in New York and other ports in the United States at a minimum cost. In these circumstances there were not wanting those who contended that, even allowing for heavy overhead charges and for the present low price of paper, the Mill should be capable of paying its way on a whole-time basis in competition with any other mill in the world.

417. In practice, however, the Company has been compelled during the last two years to curtail its operations, with far-reaching effects on the surrounding population. Three successive cuts in wages, totalling about 30 per cent. were brought into force, but even on this basis it was not found possible for the Mill to work full time. The length of the working week varies but the average closing of the Mill for any part of the week involved a serious curtailment in the actual earnings of the employees. On the basis of a 4-day week, a reduction of 40 per cent. in hourly rates meant a reduction in actual earnings of over 50 per cent. This drastic treatment gave rise to much hardship and discontent and there was at one time a general feeling that the Company was not dealing fairly with its staff. This feeling has, however, been mitigated by the recent decision of the Company to restore 10 per cent. of the cuts made.

418. The Company's holdings extend to 7,200 square miles, and the maximum capacity of the Mill is 600 tons of paper a day. At the present time its output is approximately 500 tons a day when working. The number of men employed in the Mill is about 700. It is particularly unfortunate that a feeling of discontent should have existed since it is recognised by the management that the staff of the Mill is highly efficient and has uniformly given of its best; while the Mill itself is excellently laid out, suitable for easy working, well lighted and ventilated. Labour has been very stable; the average length of time served in the Mill by each employee is 5½ years; the men are accustomed to their duties and work steadily and well. These considerations must again make for a low cost of production.

419. Of the employees in the Mill, including heads of departments, 94 per cent. are Newfoundlanders. Their general health is good and the Company provides them, but not their families, with free medical attention. Like Grand Falls, Corner Brook has been very well laid out and has all the amenities of a modern town. There is a well-equipped hospital, which is maintained by the Company: each employee is required to contribute 50 cents a month towards the cost. There are public schools. The Company owns a hotel, catering for the staff and the public, which is attractively situated, pleasingly designed and efficiently managed.

420. If the lot of the employees in the Mill is at present a hard one, that of the woodsman is well-nigh desperate. The reduction of the output of the Mill has naturally been reflected in a reduction of the amount of timber required. Cutting has, therefore, been curtailed, and in one district, where no less than 50,000 cords were cut in 1931, no cutting took place in 1932. Numbers of men have, therefore, been unable to obtain employment while, in the case of those who have been unfortunate enough to do so, reductions in the rates offered have been such as to deprive them of all hope of earning a livelihood for themselves and their families. The average price paid per cord last season was \$1.00-\$1.30, as compared with \$1.20-\$1.50 in 1931 and \$2.50 in normal times. The average cut per man was 1.3 cords a day. Each man, out of his earnings, was required to pay 66 cents a day for board and was subject to other incidental expenses. The margin thus left to him at the end of many weeks' hard work was insignificant: indeed, he was fortunate if he was able, as the Newfoundlander say, to "break even." As a result of these unfortunate experiences, the contiguous town of Deer Lake, which has grown up as a lumber centre, has been reduced to a state bordering on pauperism. Many families have been compelled to seek public relief and the remainder are in serious straits.\*

421. The Mill at Corner Brook does not operate as an independent entity but is affiliated to three Canadian Mills, those at Three Rivers and Gatineau, Quebec, owned by the Canadian International Paper Company, and the Mill at Dalhousie owned by the New Brunswick International Paper Company. The orders received are distributed among the four Mills and it was alleged before us that, as the Mill at Corner Brook is the most modern of the four and therefore a low-cost producer, use is in fact being made of its superior productive capacity to assist the other three Mills through the depression; in other words, that the profits made on the orders executed at Corner Brook, instead of being used to strengthen the position of the Newfoundland Company, are in practice used as a subsidy to enable the three Canadian Mills to keep open. The suggestion made was that, while the Mill at Corner Brook was the Mill at which orders could be most economically [economically] executed and, therefore, the most valuable asset

in the partnership, yet it was naturally the object of the parent Company to tide over the depression with all its assets unimpaired, and the fact that Stock issued by the Newfoundland Company had been guaranteed by the United Kingdom and Newfoundland Governments respectively made it of less importance that its position should be strengthened than that the remaining assets of the partnership, viz., the three Canadian Mills, should be preserved.

422. On the other hand the evidence given by the representatives of the Newfoundland Company, by those of the Canadian International Company and by those of the parent Company was to the effect that these various undertakings are going through a period of great difficulty and that it was their aim to secure a fair distribution of orders between the affiliated mills.

423. The fact that the Newfoundland Government has guaranteed £2,000,000 worth of Stock makes it of special importance that all possible measures should be taken to facilitate the restoration of normal conditions at Corner Brook. The evidence submitted to us showed that there was no immediate danger of the Government being called upon to implement its guarantee; but prospects for the future must depend largely on world conditions, of which no forecast can be given.

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\* We understand that, as a result of recent negotiations between the Company and the workers in the woods, increased rates have been offered to the contractors and sub-contractors for the cutting season now commencing.

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### Timber. (continued)

#### 3. OTHER FOREST LANDS IN THE INTERIOR OF THE ISLAND.

424. It will be seen that of the total area of forest lands in Newfoundland, about 25,000 square miles, some 15,000 square miles or nearly two-fifths of the whole area of the Island, are either owned or leased by the two large Companies mentioned above. Of the remainder, some 4,700 square miles are owned in fee simple, and some 3,000 square miles are held under licence or lease from the Crown, by Companies other than Paper Companies and by private individuals. Included in these figures are some 4,500 square miles held by Reid interests, mostly in the Gander Valley; about one-third of this area is held in fee simple, the remainder being held under lease from the Crown. The export of unmanufactured timber from Newfoundland is prohibited and the resources of the country have to this extent been safeguarded; at the same time no adequate steps have been taken to promote their development. It has been the practice of Newfoundland Governments for many years to allot available timber lands to applicants under licences which stipulate for an annual rental of \$2.00 a square mile and for the erection of saw mills on each plot of land so licensed. Early in the present century nearly all the lands available were disposed of on these terms to applicants attracted by prospects of development. The holding of Crown lands at such a low rental became a popular form of speculation. Successive Governments, for reasons best known to themselves, adopted a policy of encouraging such speculation, with the result that, so long as the rentals were paid, the Department concerned did not insist on the fulfilment of the other conditions of the licences including those for the erection of saw mills. A few such mills were erected by certain licensees, but it is safe to say that in the great majority of cases licensees had no other object in view but to hold their lands in the hope of being able to dispose of them at an enhanced value. This remains the position at the present day. We have already observed that the continuance of such a state of affairs is not in the best interest of the country. The Judicial Committee of the Privy Council in 1932, ruled, in a similar case which originated in Labrador, that the Government, by continuing to accept rentals notwithstanding the non-observance of the condition to erect a mill within the stipulated time, had in law estopped themselves from now insisting on the fulfilment of the condition, or from cancelling the licence because of its non-fulfilment. As a statement of the law, such a conclusion cannot be questioned, but it is manifestly in the national interest that lands held on licence from the Crown should either be worked in accordance with the original intention of the parties, or surrendered.

425. The Government is put to considerable expense in policing and patrolling these woods and forests against fire, and the funds at its disposal are insufficient for effective control. These lands, so held unused, yield nothing by way of local rates or taxes. While past Governments have erred, as the decision of the Judicial Committee of the Privy Council shows, in allowing an undesirable degree

of latitude to individual licensees, we do not feel that the present Government is under any obligation, legal or moral, to adopt the same course. We recommend, therefore, that all unworked lands, however held, should bear an annual tax of so much per acre, and that, in the event of the tax being in arrear and unpaid for six months, the licence or lease should be cancelled or, in cases where land is held in fee simple, that the land should revert to the Crown. This proposal includes lands situated in Newfoundland and Labrador.

425. The Government is put to considerable expense in policing and patrolling these woods and forests against fire, and the funds at its disposal are insufficient for effective control. These lands, so held unused, yield nothing by way of local rates or taxes. While past Governments have erred, as the decision of the Judicial Committee of the Privy Council shows, in allowing an undesirable degree of latitude to individual licensees, we do not feel that the present Government is under any obligation, legal or moral, to adopt the same course. We recommend, therefore, that all unworked lands, however held, should bear an annual tax of so much per acre, and that, in the event of the tax being in arrear and unpaid for six months, the licence or lease should be cancelled or, in cases where land is held in fee simple, that the land should revert to the Crown. This proposal includes lands situated in Newfoundland and Labrador.

426. Lands now held by the two Paper Companies for the purpose of their undertaking would be exempt from such a tax, as such lands would be deemed to be operated.

427. A substantial part of the proceeds of such a tax should be devoted to the improvement and amplification of the existing fire control service, towards which individual holders of forest lands make at present no contribution, to the supervision of the cutting of timber in forest lands and wood lands, and to the replanting of waste lands.

428. With regard to future prospects, it may be expected that taxation of this kind will encourage the erection of sawmills in some cases, and the surrender of lands to the Crown in others. In either event, the country should benefit, for the erection of mills should promote employment and should provide an added incentive for seeking new markets for wood products. On the other hand, the surrender of lands to the Crown will enable the Government to receive the full value of them when world conditions have sufficiently improved to make their development possible; under existing arrangements the benefit of their enhanced value would be derived by the speculator and not by the State.

429. As regards the possibilities of securing new markets for wood products, we have good reason to believe that a demand exists in the United Kingdom for boxes and packing cases of various types and dimensions, which could be supplied on advantageous terms by Newfoundland. Experiments have already been tried in this direction but have broken down, not, we are given to understand, because of any unsuitability in the quality or price of the Newfoundland products but because of the failure of Newfoundland exporters to observe a strict accuracy of measurement. This deficiency is due, in part, to carelessness and, in part, to the lack of adequate machinery; but it can be overcome without serious difficulty and there seems good reason to expect that, once the need for strict measurement is appreciated, Newfoundland would be able to capture a portion of the trade with the United Kingdom which is at present diverted elsewhere.

430. It will be seen that, apart from the coastal fringe which is reserved for the use of the people, the forest areas in the Island, remaining at the disposal of the Newfoundland Government, are negligible. If all the forest areas of the Island, inclusive of the coastal fringe but exclusive of the areas owned or leased by the two Paper Companies, be added together, the total amounts to about 10,000 square miles, of which nearly 8,000 square miles are in private hands--yielding a trifling revenue to the State.

#### 4. THE COASTAL FRINGE.

431. As has already been explained, all land within three miles of the coast is reserved for the use of the people. In most localities, the coastal fringe is well timbered, and the average fisherman is thus able to obtain in the neighbourhood of his home ample supplies of wood for use as fuel and for the building of houses, boats, fences, and fishing stages. In some cases, however, the combined effects of intensive and reckless cutting and of forest fires have depleted the timber supply, and in these localities fishermen are forced to seek their fuel at a considerable distance from their homes. This, in turn, has led to a practice whereby each fisherman keeps at least one dog to assist him in hauling his wood during the winter months; and the prevalence of dogs makes it impossible to keep sheep. In the places where sheep are still kept, the inhabitants spin the wool and make their own woollen garments: in some cases, therefore, the neglect of the forests has not only made it more difficult for individual fishermen to obtain their supplies of wood but has added to the cost of living by compelling them to buy clothing which otherwise would have been made in their own homes.



**Logy Bay (5 miles from St. John's), n.d.** Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.  
[Larger Version](#) (54 kb)

432. The cutting of wood without supervision leads to much waste and extravagance. Careless felling spoils the growth of other trees; "slash" (i.e., lopped branches, etc.) is not removed but is left to lie on the ground, and this in turn prevents the growth of young trees and is a great aid to forest fires. Another cause of the depletion of the fisherman's timber supply is the practice which has grown up of permitting the erection of sawmills on the three-mile limit under licence from the Government. These mills, while providing employment and assisting to meet the requirements of the local fishermen, derive their profits from the sale of wood to St. John's and other centres. The revenue obtained by the Government from the operation of the mills is very small, as the fees stipulated in the licence frequently remain unpaid; the supervision exercised by the Government has been allowed, as a result of political considerations, to become perfunctory and ineffective; and the inheritance of the people is being steadily impaired and wasted.

433. In some cases too, the fishermen have been allowed during the last two years to cut pulp-wood on the three-mile limit for sale to the International Power

and Paper Company of Newfoundland Limited at Corner Brook. Such permits have been granted by the Government in the hope of reducing expenditure on public relief. It may be that in these particular cases the action of the Government was fully justified; but, in view of the danger of depleting the timber supply of future generations, the principle is one that clearly cannot be commended for general adoption.

434. A further development which has taken place of late years is the cutting of pit props for the mines in Wales in exchange, on a barter basis, for supplies of coal from Wales. Arrangements of this kind have been negotiated both by the Government direct with Welsh interests, and for private individuals with Government approval. If conducted on an economic basis, they are doubtless to be commended in that they provide much needed winter employment for men who would otherwise be idle and enable the country to obtain supplies of fuel which it could not otherwise afford to import. But it may be doubted whether under present conditions such schemes have served the best interests of the country. Cutting usually takes place on the three-mile limit, and the areas must, therefore, be carefully chosen if the resources of the fishermen are not to be impaired. This is not always done; there is no adequate supervision of the operations; waste and extravagance are commonly in evidence and the past mismanagement of such schemes is so notorious that the results of those now in operation can only be awaited with apprehension. We do not consider that any further schemes of this nature should be undertaken without expert advice as to the effect which they are likely to exercise on the resources of the country. It must be remembered that in Newfoundland the forests are complimentary to the fishery; without a cheap and constant supply of timber the fishery, the mainstay of the Island, cannot flourish. That the forest resources of the country, particularly those which are available to the fishermen, should be conserved, under a far-sighted and scientific policy is, therefore, essential to the future welfare of the Island. In order that such a policy may be elaborated we recommend that the Newfoundland Government should obtain the assistance of an experienced Forestry Officer, who might first conduct a survey of those areas, including the three-mile limit, which are not under the control of the two Paper Companies, and advise as to best methods of conserving the timber supply in those areas, of reorganising the fire control service and generally of recasting the administration of the forests on modern lines. It would later be desirable that such an officer should be given an opportunity of inspecting the forest areas under the control of the two Paper Companies and of assuring himself that conditions in such areas fulfil the requirements of modern forestry practice.

*Image description updated May, 2004.*

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## CHAPTER VII.--PROSPECTS FOR THE IMMEDIATE FUTURE. (continued)

### Minerals.

#### 1. THE BELL ISLAND MINE.

435. The beds of iron-ore at Bell Island in Conception Bay (see Map No. 1) form what is reputed to be the largest deposit of iron-ore in the Empire. Indeed, there are no other readily accessible deposits in the Empire, outside the United Kingdom.

436. Anspach, in his history of Newfoundland, published over a hundred years ago, mentions the existence of an iron-ore mine at Back Cove, Bell Island,\* but for many years the deposits were neglected as of no commercial value and it was not until 1895 that mining operations were actively undertaken. The development that has taken place since then has shown that the deposits on the land are merely the fringes of great beds of ore that extend far out under Conception Bay. No precise estimate can be given of the amount of ore which these beds contain but it has been computed by experts that the total deposits amount to some thousands of million tons of which at least 50 per cent. may be expected to be recoverable.

#### Portugal Cove showing Bell Island, n.d.

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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437. The deposits were first worked by the Nova Scotia Steel and Coal Company, which secured a lease of them in 1893 and commenced operations two years later. Three parallel beds of ore were opened up, and in 1899 the Company disposed of the lowest of these beds to another Canadian Company, the Dominion Iron and Steel Company. Until 1922 these two Companies worked side by side in the Island; in 1922 the whole undertaking was taken over by the newly-formed British Empire Steel Corporation and since then the deposit has been worked by it and its successor, the Dominion Steel and Coal Corporation Ltd.

438. The ore, which is known as Wabana† ore, is of excellent quality. In grade and composition it is a dense, fine-grained hematite, averaging 52 per cent. in metallic iron with about 11 per cent. silica. The phosphoric content ranges from 0.75 per cent. to 1 per cent. The three principal beds, which have an average workable thickness of 6 feet, 8 feet, and 16 feet respectively, are worked by four shafts with a present annual capacity of 1,500,000 tons, and a potential capacity of at least twice that figure. Two shipping piers have been built where ships



carrying 12,000 tons can be afloat on all tides and can be loaded at the rate of 2,000 tons per hour. The distance from the mines to Sydney, Nova Scotia, is about 400 miles, to Philadelphia 1,242 miles, to Rotterdam 2,294 miles and to Middlesbrough 2,350 miles. Over 28,000,000 tons, of the value of over \$75,000,000, have been exported since mining operations were first undertaken in 1895. Of this total, 16,000,000 tons were exported to Sydney, Nova Scotia, for use in the Corporation's furnaces there; approximately 1,000,000 to the United Kingdom, and over 11,000,000 to foreign countries.

439. In normal times the Company employs 2,200 men and distributes some \$2,000,000 per annum in wages. The miners and surfacemen in former years were engaged in two six-monthly shifts, the first comprising those who went fishing in the summer and worked in the mines in the winter, and the second those who worked in the woods in the winter and in the mines in the summer, but in recent years the men employed have adopted mining as a steady occupation and are now not equipped for fishing. At the present time, owing to the depression, two of the four slopes are closed, and the remaining two are worked for only two days a week. Employment is thus available only for 1,100 men, or half the number usually engaged, and even these are at daily rates: miners receive from \$4.75 to \$2.76 a day, and general surfacemen average \$2.55 a day, mechanics \$3.55 a day.

440. The reduced employment in the mines constitutes one of the most serious problems confronting the Newfoundland Government. For, under present conditions, the unemployed miner is unable to earn a living either from the fishery or from work in the woods, and large numbers of men have therefore been forced to fall back on public relief. Their numbers, too, have been swollen by returning emigrants who have lost their employment abroad, and the districts surrounding Conception Bay, which are the most thickly populated and were formerly the most flourishing part of the Island, have now become a centre of distress. The effect of these conditions on the economic situation of the country has been very serious, since the reduced purchasing power of the people in these districts has contributed to a marked decline in business and therefore in imports and revenue receipts, while at the same time relief payments have formed an increasing charge on public funds. The benefits that would accrue to the Island if normal working conditions could be restored in the mines can, indeed, hardly be exaggerated.

#### *Output.*

441. As will be seen from the following table of shipments for the six years 1927-32, Germany has lately been the principal market for Wabana ore:--

	<i>Sydney, Nova Scotia.</i>	<i>Germany.</i>	<i>U.S.A.</i>	<i>United Kingdom.</i>	<i>Total.</i>
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons</i>	<i>Tons.</i>	<i>Tons.</i>
1927 .....	429,248	845,151	61,030	---	1,335,429
1928 .....	616,354	866,953	37,048	27,540	1,547,895
1929 .....	681,400	753,929	76,340	5,330	1,516,999
1930 .....	467,784	661,406	48,771	---	1,177,961
1931 .....	209,061	439,564	22,920	33,720	705,265
1932 .....	---	148,485	---	---	148,485
Total .....	2,403,847	3,715,488	246,109	66,590	6,432,034

442. It will thus be seen that out of a total of 6,432,034 tons shipped from Bell

Island during these years only 66,590 tons, or about 1 per cent. of the total, were shipped to the United Kingdom, while at the same time Germany took 57 per cent. and the United States of America 4 per cent. The ore shipped to Nova Scotia, which amounted to 38 per cent. of the whole, was for use in the Corporation's own works in Sydney. A full statement showing the shipments made from Bell Island since 1895 is reproduced in Appendix M.

443. Constant endeavours have been made during recent years to induce steel masters in the United Kingdom to give a trial to Wabana ore, but these have so far met with little success. The imports of iron-ore into the United Kingdom in recent years have been as follows:--

	<i>Total.</i>	<i>From Spain.</i>	<i>From North Africa.</i>
	<i>Million Tons.</i>	<i>Million Tons.</i>	<i>Million Tons.</i>
1927 .....	5.1	2.4	1.4
1928 .....	4.4	2.2	1.1
1929 .....	5.6	2.6	1.4
1930 .....	4.0	1.8	1.1
1931 .....	2.1	.9	.6
1932 .....	1.8	.8	.5

It will be appreciated from the foregoing figures that if even a modest proportion of the ore imported into the United Kingdom could be taken from Newfoundland a great impetus would be given to the Bell Island Mines, with corresponding advantage to the Dominion.

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\* Rev. L.A. Anspach, History of Newfoundland, 2nd edition, London, 1827, p. 368; United Kingdom Parliamentary Papers, C. 8189, 1896, p. 4.

† *Note.*--"Wabana" is an Indian name meaning "the place where the light first shines." Bell Island is almost the most easterly land in the American Continent.

*Image description updated May, 2004.*

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## CHAPTER VII.--PROSPECTS FOR THE IMMEDIATE FUTURE.

### Minerals.

#### 1. THE BELL ISLAND MINE. (continued)

444. Reference to this question was made in the negotiations which took place during the Imperial Economic Conference, Ottawa, 1932, for a trade agreement between the United Kingdom and Newfoundland. In the agreement that was concluded\* no mention was made of Wabana ore but scheduled to the Agreement was an exchange of letters between the Prime Minister and the Leader of the United Kingdom Delegation, of which the terms were as follows:--

#### 1. *From Mr. Baldwin to Mr. Alderdice.*

OTTAWA, August 18, 1932.

"Dear PRIME MINISTER,

"My colleagues and I recognise that an arrangement between the interests concerned for the importation into the United Kingdom of a substantial quantity of Wabana iron-ore is of paramount importance to the economic life of Newfoundland.

"We therefore give you our assurance, on behalf of our Government, that we shall regard the last paragraph of Article 9 of the Agreement which is being concluded between His Majesty's Government in the United Kingdom and His Majesty's Government in Newfoundland as entitling the Government of Newfoundland to give us notice that they are unable to implement the Agreement, other than Articles 4, 7 and 8 and Schedule E, on the ground that a satisfactory arrangement between the interests concerned as regards the importation of such ore into the United Kingdom has not been concluded.

"In that event it is understood between us that the Agreement, other than Articles 4, 7 and 8 and Schedule E, will be regarded as at an end.

"I shall be glad to learn from you at your early convenience whether you concur that this correctly represents our understanding.

"Yours sincerely,  
"(Signed) STANLEY BALDWIN."

#### 1. *From Mr. Alderdice to Mr. Baldwin.*

OTTAWA, August 18, 1932.

"Dear LORD PRESIDENT,

"I have received your letter of to-day's date regarding the Agreement between our respective Governments, and I agree with you that your letter represents the understanding between us.

"Yours sincerely,  
"(Signed) F.C. ALDERDICE."

445. It is understood that Your Majesty's Government in the United Kingdom have since taken up the question with the steel masters in the United Kingdom and, now that the Agreement concluded at Ottawa is in force, it is hoped that arrangements may be made whereby the importation of Wabana ore into the United Kingdom may be encouraged. In the meantime, some small shipments of ore have been consigned, on a barter basis, to Cardiff, South Wales, in return for Welsh coal. Pending the conclusion of a permanent arrangement, the extension of this practice could not fail, we suggest, to prove of mutual benefit to the two countries.

## 2. THE MINE AT BUCHANS.

446. In 1907-08 the Anglo-Newfoundland Development Company, in prospecting for sulphur for newsprint production on land leased from the Newfoundland Government, discovered an outcropping of lead-zinc ore at a point on Buchans River, some five miles north of Red Indian Lake (see Map No. 1). A shaft was driven and the ore was found to be a fine-grained intimate mixture of the sulphides of zinc, lead and copper, with traces also of silver and gold. But it transpired after exhaustive enquiry that there was then no known method by which the ore could be satisfactorily treated, and the workings had perforce to be temporarily abandoned. Fortunately, however, experimental work, undertaken during and after the War in the laboratories of the well-known American Smelting and Refining Company, finally resulted, in 1925, in the elaboration of a process by means of which the lead and zinc sulphides could be extracted and crushed into marketable products. An agreement was then entered into between the American Smelting and Refining Company and the Anglo-Newfoundland Development Company providing for the operation and development of the deposits by the former Company, the net profits being divided equally between the two Companies. (The interests of the Anglo-Newfoundland Development Company owns over 98 per cent. of the issued share capital.)

447. As a result of electrical prospecting and diamond drilling, a further body of ore was located in the immediate vicinity, the estimated yield of the two bodies together being placed at 8,000,000 tons. Analyses of the ore gave the following average results:--

Oz.	Oz.	Per	Per	Per
Gold	Silver.	cent.	cent.	cent.
		Copper.	Lead.	Zinc.
.048	3.57	1.39	8.29	18.01

448. The Buchans Mining Company was formed and construction operations were begun in 1927. A railway was built connecting the mine with the Anglo-Newfoundland Development Company's line at Millertown Junction. A site was cleared for settlement, and a town called Buchans laid out. The mine itself was equipped with the most modern machinery, including a crushing plant of 2,000 tons capacity per 24 hours, a concentrating mill with a daily capacity of 600 tons, and a hydro-electric installation of 2,500 horse-power. Storage sheds were erected at Buchans and the port of Botwood, and the wharf at the latter place

was extended and specially equipped with suitable cranes.

449. Production was started in 1928, but within three years those responsible for the operation of the mine were faced with a crisis, the world-wide slump in prices having reached such a low level as to make operation no longer profitable. In these circumstances, the mine had either to be closed or its production doubled. The latter course was chosen and in 1931 new plant was installed at the cost of \$1,500,000, giving the concentrating mill a daily capacity of 1,200 tons of ore. The total capital cost of the enterprise was thus brought to approximately \$7,000,000.

450. In spite, therefore, of the low prices at present obtainable in the world markets, the mine at Buchans has continued to work full time. We made a detailed inspection of the operations there and were highly impressed at the efficient manner in which they were conducted. The life of the mine on the present scale of output is estimated at 14 years, but it is thought improbable that the two deposits so far found are isolated ones, and further prospecting is being undertaken by the American Smelting and Refining Company as opportunity offers.

451. During the four years 1929-32 the tonnages mined and milled and concentrates produced by the Buchans Mining Company, Limited, and the production costs per ton of ore, were respectively as follows:--

	Tons Mined and Milled	Tons of Concentrates produced. Zinc.	Tons of Concentrates produced. Lead.	Production costs per ton of ore. \$
1929	163,114	52,598	22,571	5.07
1930	188,229	52,742	25,218	3.98
1931	311,299	86,932	38,617	2.62
1932	438,225	130,895	53,159	2.20

At 31st December, 1932, the estimated ore reserves at Buchans were 6,967,500 tons.

452. The town of Buchans is remarkable as being one of the few settlements in the interior of Newfoundland. So far removed from the sea and from other towns, the people are thrown to a large extent upon their own resources. The Company has provided them with facilities for education, recreation and amusement, and we were struck by the progressive spirit which prevailed. The town has been attractively laid out and is equipped with an excellent water supply, modern drainage and electric light. The Company maintains a school, and there is also a night-school for workers in the mine. A cinema theatre serves also as a town hall. There is a flourishing athletic club. A hospital, with a resident medical officer and two nurses, is maintained by the Company.

453. The population of Buchans is about 1,000, of whom about 300 are employed in the mine. Wages are good and relations between the employees and the management are excellent. Prices in the stores are high, owing to the distance of the town from the coast and to discriminatory railway freight-rates.

454. As at Grand Falls, the high birth-rate at Buchans gives rise to some

anxiety. Indeed, the future of the town itself may be said to hang in the balance, since, if no further bodies of ore can be discovered, the mine will be exhausted in 1947. The problem of providing for the coming generation of Newfoundlanders is one to which we have referred elsewhere; the solution of the special problem of Buchans will, it hoped, be found in the discovery of other workable deposits.

Reference is made in paragraphs 459-464 to the Company's shipping arrangements at Botwood.

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\* See Chapter IV, paragraph 160. The full text of the Agreement is reproduced in Appendix K.

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## CHAPTER VII.--PROSPECTS FOR THE IMMEDIATE FUTURE.

### Minerals. (continued)

#### 3. MINERAL POSSIBILITIES.

455. The mines at Bell Island and Buchans are the only working mines in the country, but coal is known to exist on the west coast, and copper, silver, nickel, chromium, antimony, asbestos, and vanadium are also found in various parts of the Island. Newfoundland is composed of the most ancient rock formations and it has been claimed that traces of almost every metallic substance have been discovered in the Island.\*

456. Copper-mining, which may be said to have begun with the opening, in 1864, of the Union Mine at Tilt Cove in Notre Dame Bay, was for many years one of the Island's main industries. The success of the Union Mine led to the opening of mines at Bett's Head and Little Bay in 1875 and 1878, and several mines of less importance, all situated in the area of Notre Dame Bay, became small producers at later periods. Among other mines worked in the past may be mentioned the "Terra Nova" mine at Baie Verte, the mine at Gull Lake, south of Hall's Bay, and that at York Harbour, Bay of Islands. By 1918, however, the copper mines of the Island had either been worked out or had ceased to be profitable and no copper-mining has been undertaken since that date. Indications of copper are said to occur all round the coast and it is therefore within the bounds of possibility that fresh discoveries may lead to renewed operations.

457. The coalfields of the west coast are situated on St. George's Bay and are estimated at 136 square miles. Many surveys of this area have been made by geological experts during the last hundred years, but lack of capital has so far prevented its development. There are said to be five seams measuring three feet and upwards, giving a total thickness of 21 feet, and an estimated yield of 147,000,000 tons. The coal has been pronounced by experts to be of good quality, bituminous and free from sulphur. The land on which the coal is situated is held either in fee simple or under lease from the Crown by the St. George's Coal Fields, Ltd., of St. John's. Following the enactment of special legislation in 1919 this Company was granted certain special concessions, designed to facilitate the development of the coal-fields, including the offer of a bounty of 75 cents a ton on all coal mined and consumed in the Island, but no active mining operations have yet been undertaken.



**St. George's Harbour, looking South, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (45 kb)

458. In general, it may be said that the possibilities of mineral development in Newfoundland have been by no means exhausted. Petroleum also occurs in the north-west of the Island and may one day prove a profitable source of revenue. Labrador has not yet been scientifically surveyed but hopes are held out that valuable minerals exist there in commercial quantities, and prospecting for gold is now in progress. The potentialities of this vast territory are discussed in the following Chapter.

### **The Port at Botwood.**

459. The Anglo-Newfoundland Development Company's shipping port is at Botwood, an outpost with a population of approximately 2,000, situated on tidewater at the mouth of the Exploits River, which flows into Notre Dame Bay, at a distance of 22 miles from Grand Falls; this port is also used by the Buchans Mining Company. There are three large wharves at Botwood and cargo-steamers of any size can lie there in safety while loading paper from Grand Falls or the concentrates from Buchans Mine, or unloading coal, sulphur, limestone, pulpwood, etc. Botwood is closed with ice for the best part of four months of the year--January to April. The production of the Paper Mill during these months has, therefore, to be stored and there are nine large storage sheds at Botwood with a total holding capacity for 40,000 tons of newsprint reels.

460. The Anglo-Newfoundland Development Company own and operate a private railway between Botwood and Grand Falls, over which they carry their production of newsprint to the shipping port at Botwood and bring up supplies of coal, sulphur, a small portion of their pulpwood requirements and other supplies to the Mill. The Buchans Mining Company have a private line, which, starting from Buchans, connects with the private line of the Anglo-Newfoundland Development Company at Millertown Junction. From this point to Botwood use is made of the latter Company's line.

461. From the standpoint of tonnage Botwood handles more business than any other port in Newfoundland; the present tonnage is approximately as follows:--

<i>Exports:--</i>	<i>Tons per annum.</i>
Paper .....	120,000
Zinc and Lead concentrates .....	200,000
 <i>Imports:--</i>	
Coal .....	80,000
Sulfur .....	2,000
General cargo .....	7,000
	409,000

462. The port is also used for the shipping of pulpwood which has been cut at different parts of the Island and shipped to Botwood for transmission by rail to the Paper Mills at Grand Falls.

463. About 80 men are regularly employed by the Company at Botwood, and during open water--May to December--some 200 additional men are continuously engaged in the stevedoring business.



464. The Buchans Mining Company own large sheds at Botwood, where their output of concentrates is stored during the winter months; the shipping of these concentrates takes place from May to December.

### **Agriculture.**

465. Although the statement has been frequently made during the last 50 years that Newfoundland is a country with great agricultural possibilities, agriculture has not yet been undertaken on any intensive scale. A certain amount of mixed farming is carried on in the Avalon Peninsula and on the southern portion of the west coast, but, in general, agriculture is regarded as a subsidiary occupation to fishing. The shortness of the season; the fact that soils of Newfoundland, except in a few localities, are not naturally fertile; and the distribution of the people round the coast rather than in the interior, have all contributed to this attitude of mind.

466. There are a certain number of farms of about 100 to 200 acres, but, in general, Newfoundland is a country of smallholders, most of the "farms" or "gardens" being little more than allotments which serve to provide the fisherman with potatoes and other vegetables for winter consumption. In good fishing seasons, cultivation is apt to be neglected; it is only when the fishery fails to yield a livelihood that the land receives the attention it deserves.

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\* J.P. Howley, Evidence before Dominions Royal Commission, 1914, United Kingdom Parliamentary Papers, C. 7898, 1915, p. 81.

*Image description updated May, 2004.*

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### Agriculture. (continued)

467. In these circumstances, it is perhaps not surprising that, for some years prior to the present emergency, agriculture in Newfoundland showed a downward rather than an upward trend. The following official figures give the particulars of the agricultural production for the years 1921 and 1932:--

#### AGRICULTURAL PRODUCTS.

Description.	1921 (Census). Quantity.	1921 (Census). Value. \$	1932 Estimate. Quantity.	1932 Estimate. Value. \$
Wheat, Barley, Oats	9,220 bushels	9,802	1,500 bushels	1,500
Straw	---	---	1,850 tons	22,200
Hay	49,250 tons	2,198,051	49,000 tons	980,000
Potatoes	529,102 bls.	1,912,681	447,000 bls.	894,000
Turnips	68,464 bls.	208,700	85,200 bls.	127,800
Other root crops	4,013 bls.	15,507	12,000 bls.	42,000
Cabbage	7,391,785 hds.	369,589	7,500,000 hds.	375,000
Fruits	27,940 gals.	31,326	20,000 gals.	10,000
		\$4,745,656		\$2,452,500

#### LIVE STOCK PRODUCTS, ETC.

Description.	1921 (Census). Quantity.	1921 (Census). Value. \$	1932 Estimate. Quantity.	1932 Estimate. Value. \$
Milk	3,109,896 gals.	1,865,937	4,500,000 gals.	2,250,000
Butter	588,841 lb.	235,536	590,000 lb.	236,000
Wool	215,152 lb.	32,531	190,000 lb.	28,000
Eggs	1,091,897 doz.	655,138	1,300,000 doz.	520,000
Poultry	242,673	303,341	235,185	235,185
Geese	---	---	1,540	4,620
Ducks	---	---	6,950	10,425
Cows	18,024	1,441,920	11,833	475,320
Other horned cattle	9,697	775,760	8,550	299,250
Horses	16,340	1,634,000	14,095	986,650
Stallions	---	---	400	28,000
Sheep	86,732	1,300,980	60,000	450,000
Swine	14,673	364,325	5,850	117,000
Goats	14,240	142,400	10,500	105,000
		\$8,751,868		\$5,745,450

468. The area of the Island is 27,000,000 acres, of which one-eighth may be

regarded as water. The area under crops (including vegetable and root crops) was estimated in 1932 at 105,000 acres, as against 95,000 acres in the previous year and 89,000 acres in 1921.

469. During the last two years great efforts have been made by the Government to impress the people with the necessity for doing all in their power to supplement their resources by the raising of vegetables. Although there are certain stretches of coast line, notably on the western portion of the south coast, where soil suitable for cultivation exists only in small and sometimes inaccessible patches, it may be said, in general, that ample land is available for the fisherman's needs. In some cases the neglect of the land has been carried to such lengths that hard work is needed to bring it back to cultivation; shortage of tools, and lack of even a rudimentary knowledge of how crops should be grown, also create difficulties. But, in spite of these drawbacks, it can be said with confidence that, given the will to do so, there is no reason why, their own efforts to provide for themselves with a sufficient stock of vegetables to last them through the winter. With supplies of home-grown vegetables, fish from sea, river and lake, game in the woods, and the wild fruit which the country yields in abundance, with fuel ready to hand, and with no rent and no direct taxation, even the humblest family in Newfoundland possesses natural advantages which are denied to the poorer classes in the cities of Europe and America.

470. It has been proved, indeed, by the more provident and energetic members of the community, that much can be done with the garden and small farm to supplement returns from the fishery. Given care and proper cultivation, vegetables such as potatoes, cabbage, beet, carrots and parsnips, and fruits such as apples, plums, strawberries, gooseberries, raspberries and currants can be produced in most parts of the Island, while oats can be successfully grown for reaping prior to maturity as food for cattle. In parts of the southern portion of west coast, principally in the Codroy Valley, good results have been obtained in the growing both of fruit and also of Timothy hay.

**Brigus, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (69 kb)



471. In 1932 the potato crop was unfortunately ruined by blight, a visitation which brought distress to many homes in the Island, but this year the prospects are good. The Government at the beginning of the season distributed large quantities of seed potatoes to necessitous areas, either for cash or on loan; there was a great increase in planting and a good crop will do much to ease the situation during the coming winter. It is to be hoped also that the distress through which the people are passing in many parts of the Island will encourage cultivation, not at the eleventh hour and in the stress of emergency, but as a permanent habit.

472. Imports of agricultural products during the last three years have been as follows:--

**LIST OF AGRICULTURAL PRODUCTS IMPORTED INTO NEWFOUNDLAND.**

Product.	1929-30. Quantity.	1929-30. Value. \$	1930-31. Quantity.	1930-31. Value. \$	1931-32. Quantity.	1931-32. Value. \$
Barley	23,099 lb.	940	24,548 lb.	749	14,151 lb.	458
Oats	677,605 bushels	428,137	514,507 bushels	228,558	382,542 bushels	149,266
Peas (green)	150,277 lb.	6,213	235,132 lb.	8,494	236,431 lb.	8,937
Peas (split and dried)	1,415,928 lb.	54,524	1,619,165 lb.	47,162	1,287,879 lb.	27,992
Peas (round)	294,984 lb.	12,957	260,244 lb.	8,407	204,752 lb.	5,744
Beans	2,135,114 lb.	113,836	2,164,318 lb.	62,834	2,431,026 lb.	34,723
Indian Corn	1,461,492 lb.	29,387	1,846,033 lb.	24,967	1,899,640 lb.	20,107
Flour	372,467 bls.	2,769,389	379,839 bls.	2,043,583	369,286 bls.	1,551,287
Oatmeal and Rolled Oats	1,205,990 lb.	42,127	997,786 lb.	29,217	1,000,563 lb.	26,419
Indian Corn Meal	25,575 bls.	107,590	21,992 bls.	61,390	25,755 bls.	55,259
Cattle Feeds	7,842,049 lb.	159,653	7,495,220 lb.	114,275	7,128,807 lb.	88,991
Potatoes	178,645 bushels	110,035	123,714 bushels	60,210	171,875 bushels	45,204
Turnips, Carrots, Parsnips, etc.	21,945 bushels	15,411	17,101 bushels	11,275	12,391 bushels	8,502
Cabbage	850,513 lb.	35,497	1,127,540 lb.	16,573	472,316 lb.	17,359
Hay	11,901 tons	189,780	6,342 tons	91,325	4,554 tons	45,213
Tomatoes and Onions	---	55,756	---	52,077	---	52,635
		\$4,131,232		\$2,861,096		\$2,138,096

Whatever may be said about the production of cereals in Newfoundland, there can be no question that the Island is capable of meeting its own requirements in potatoes and other vegetables.

*Image description updated May, 2004.*

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### Agriculture. (continued)

473. Much can also be done to stimulate the raising of animals. The country is well-suited to goats, and in many parts also to sheep, but in many localities the prevalence of dogs militates against the keeping of these animals. Under the law of Newfoundland the keeping of dogs is decided by local option; in some parts of the country dogs are doubtless of special value as haulers of sledges, but in most localities it would be to the general advantage that they should be dispensed with in favour of sheep and goats, even though the people would have to haul their own fuel. In those parts where sheep are kept the inhabitants make most of their own clothing and find in the wool a welcome source of revenue; while goats provide a continuous supply of milk and butter at minimum cost. During our visit to the outports we were impressed by the relatively superior conditions found in those places which have continued to place reliance on sheep and goats in preference to dogs.

474. Pigs and poultry can also be kept without difficulty and we were glad to hear of an effort recently launched to stimulate the keeping of pigs in the district of Trinity (South). What can be done there can be done in other places, and we hope that the raising of these animals will now receive greater attention than it has done in the past.

475. Experiments undertaken in recent years in encouraging the keeping of cows have not met with success, but their failure is attributable not so much to climatic reasons as to lack of experience in the care and treatment of such animals and the difficulty of affording expert guidance.

476. In general, the notable decrease in the Island's live stock since 1921 has caused us serious concern. It is of great importance that the people should be encouraged to set greater store by their live stock and we recommend that an expert adviser should be specially engaged to enquire into the present position and report on the methods by which an increase in the country's live stock could best be brought about.

477. Within the last two years, two Associations have been formed in the Island with the object of promoting the development of agriculture as a basic industry. These Associations are the Land Development Association, with headquarters at St. John's, and the Newfoundland Co-operative Self-Help Association, with headquarters at Harbour Grace. The former Association, which was formed in the spring of 1932, has been able, by means of donations and subscriptions received from the public, to distribute large quantities of potatoes and other seeds to necessitous people, mostly in St. John's. In the autumn of 1932 the Association established a market in a disused cold storage plant in St. John's, and produce to the value of \$7,000 was disposed of by this means. Cold storage facilities were also provided for over 200 tons of cabbage, and encouragement given to the making of crates. The activities of the Association have thus given occupation to a number of unemployed workers and have afforded them the prospect of

becoming self-supporting. The undertaking has not been free from the difficulties attendant on the initiation of any new enterprise, but we hope that the experience gained in the last two years will suggest means by which it can be carried forward with still more useful results.



**Grace Harbour [sic], looking East, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (61 kb)

478. The aim of the Association at Harbour Grace, as its name implies, has been to encourage the people to support themselves by their own efforts. The Association has increased rapidly in membership and its endeavours have been attended with an encouraging degree of success.

479. Great credit is due to the public-spirited citizens responsible for the organisation of these Associations, whose activities, if carefully planned and related to projects within their immediate capacity, should not only exercise a beneficial economic effect but also promote a spirit of self-reliance in a naturally hard-working and resourceful people.

### **Wild Fruit.**

480. Newfoundland possesses a great variety of wild fruit, of which the most common are the blueberry, the partridgeberry, the cranberry and the wild raspberry. In August and early September the open country is covered with blueberries and the collecting and packing of these berries for export has become one of the smaller industries of the Island.

481. The first shipments of blueberry were made in 1927-28 and since then some 2,300,000 gallons of the value of over \$1,000,000 have been exported. The full figures are as follows:

<i>Fiscal Years.</i>	<i>Gallons</i>	<i>Value. \$</i>
1927-28 .....	65,094	20,785.00
1928-29 .....	500,598	356,301.00
1929-30 .....	613,973	297,352.00
1930-31 .....	679,022	287,369.00
1931-32 .....	265,042	61,564.00
1932-33 .....	226,274	30,963.00
	-----	-----
	2,350,003	\$1,084,334.00
	-----	-----

482. The principal market for blueberries is the United States, which has absorbed all but 40,000 gallons of the shipments made since the industry was started. Efforts have been made to find markets in the United Kingdom, Canada and Germany, but these have not so far been successful. If the berries could be mixed with other berries, such as the partridgeberry, their sale in these countries might perhaps be stimulated. Owing to the depression and to the high tariff on

Newfoundland berries, the demand in the United States has been at low level during the last two years, but it has improved in the present season and there is reason to hope that the industry is entering on a period of revival and expansion. The price paid to pickers of berries this year was 10 cents a gallon, but the profusion with which the berries grow is such that, even at this low rate, hundreds of families have been ensured of a welcome addition to their earnings from other sources.

483. There would seem to be an opportunity for the establishment in Newfoundland of a jam-making industry on a large scale. Besides the berries which have been mentioned there are many other native berries which could be used for jam-making; the country is also favourably adapted for the growing of strawberries, gooseberries, raspberries, plums, and currants.

### **Fur-Bearing Animals.**

484. As we have pointed out in a previous Chapter,\* Newfoundland is a country admirably suited to the raising of fur-bearing animals. The population being largely confined to the sea-coast, vast areas of land exist in the interior where such animals could flourish in ideal conditions without interference. That the fur industry has not attained greater proportions has been due partly to lack of organised protection and partly to the instinctive desire of Newfoundlanders to kill anything within sight, even if by so doing they are destroying their future prospects of income. Much, however, may be accomplished by propaganda, and we feel convinced that if the full possibilities of a fur-bearing industry could be explained to the people and a new body of wardens established under enlightened leadership, great stretches of land which at present offer no return to the community could within a few years be brought to yield substantial benefits.

485. Newfoundland is the natural home of the beaver, otter, fox, bear, lynx, marten and muskrat. Mink flourish in Labrador and could probably be introduced into the Island without difficulty. These creatures require no artificial conditions but merely freedom from interference. If this could be assured to them, the interior of Newfoundland, or at least those areas outside the immediate range of the Paper Companies' operations, might eventually be transformed into a vast fur-farm.

486. Under the present system, the killing of these animals is subject to regulations issued by the Game and Inland Fisheries Board, which was first established under statute in 1908. The Board has succeeded in accomplishing much useful work, but almost from the first it met with little or no co-operation from the public, and it has been denied the funds to enable it to build up an adequate protective service. The total income of the Board at the present time is \$30,000, of which \$15,000 is contributed by the Government. The remainder is drawn from fees and from licences issued to trappers and sportsmen. Five supervisors are employed by the Board, and these in turn are in charge of some 79 wardens. The latter are now employed whole time but only during certain seasons. On an average they receive \$100 for four months' work. Their duties are not such as to bring them popularity and it may well be supposed that, at this rate of wages, the Board experience difficulty in obtaining suitable men. Moreover, in addition to the protection of fur-bearing animals, the Board are charged with the duty of controlling all the game resources of the Island, including animals such as caribou and moose and birds such as partridge and

duck, and also the salmon and trout fishing on the lakes and rivers. As the fishing is nowhere preserved in private hands, it is natural that much of the wardens' time should be occupied with patrolling the rivers, to the neglect of other parts of the country.

487. While the Board has been struggling to do such protective work as its small resources and the indifference of the public allow, circumstances have been too strong for it and the situation to-day is lamentable. There are very few bears left, the beaver has been practically exterminated, the otter, marten and lynx have been reduced to a fraction of their former numbers. The fox alone is said to be holding its own.

488. An efficient system of protection would also have a marked effect on the numbers of caribou and moose. These animals, though nominally the subject of a close season, have within the last two years been killed off at such a rate that, unless the process is checked, they will shortly be in danger of extinction. From the economic point of view caribou and moose may not be of the same potential value to the country as fur-bearing animals. But they are none the less important assets, since their presence appeals to tourists and sportsmen and carefully preserved herds would do much to contribute to the food supply of the people and to provide skins from which boots, gloves and leather could be made.

489. The introduction of reindeer, if conducted on the proper lines, might bring even greater benefits to the people, since these animals could doubtless be used for hauling. We have recorded elsewhere the failure, after initial success, of the experiments made by Sir Wilfred Grenfell,† which proved conclusively that, apart from the human element, there is no reason why reindeer should not flourish in Newfoundland.

490. In our view, then, the initiation of an adequate system of protection should be undertaken without delay. The first step would be to obtain expert advice from Canada, or from some other country where conditions are similar, as to how such a system might best be set up and by what measures a revenue-producing industry might best be fostered and developed. Such measures would probably include the constitution of a new controlling authority. Once such a scheme had been worked out, from both the scientific and administrative standpoints, the next step would be to arrange for the establishment of the new body of Game Wardens which would doubtless be required for its execution. This body might, we suggest, be organised on similar lines to the Royal Canadian Mounted Police, which performs similar services in the hinterland of Canada, and we recommend that, when this stage is reached, the Commandant of the Canadian Police should be consulted with a view to the secondment of a few trained members of that force who could assist in the training of the Newfoundland body. The Royal Canadian Mounted Police undertake numerous other duties in addition to those of game wardens, and we suggest in a later chapter additional ways in which the services of such a force in Newfoundland might be utilised. A force of 30-40 men would probably be sufficient for the immediate purposes in view.

491. An interesting suggestion was made to us that, in the large area in the south of the Island, the herds of caribou and moose might be held for the benefit of the community in that area. The opportunity of farming or gardening is limited, owing to the lack of suitable soil and the rugged nature of the coast-line on which the people live; if the produce of the herds were reserved for the benefit



of the people in the area, it would not only be a great help to them but would encourage them to take an active interest in the preservation of the herds.

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\* Chapter V, paras. 243-245.

† Chapter V, para. 244.

*Image description updated May, 2004.*

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### Aviation.

492. There is little doubt that Newfoundland and Labrador are destined to play an important part in the future development of Trans-Atlantic Air Services.

493. Newfoundland was the starting point of the first successful flight across the North Atlantic, carried out by Sir John Alcock and Sir Arthur Whitten Brown in 1919. Since then, many other transatlantic flights, too numerous for separate mention, representative of many countries, e.g., the United Kingdom, the United States of America, France, Italy, Denmark, Hungary and Lithuania, have either started or finished in Newfoundland or passed over the country en route to places further afield. The culminating demonstration was the recent spectacular flight to Chicago by 24 Italian flying boats under the leadership of Air Marshal Italo Balbo which passed over Labrador in July last, and on their return flight made Newfoundland the point of departure for Europe.

494. There are three transatlantic routes to which serious consideration is being given, viz.:--

- (1) The Greenland or Sub-Arctic Route.
- (2) The Great Circle Route via Newfoundland and Ireland.
- (3) The Southern Route via Bermuda and the Azores.

Of these, the Great Circle Route is the shortest route to operate and involves a shorter sea crossing than the Southern Route, the actual distance of the sea crossing being approximately 1,980 miles. It also has the advantage that it does not involve operation in or transit over any foreign territory.

495. In July of this year, a conference, attended by representatives of the Governments of the United Kingdom, Canada, and Newfoundland, and of United States interests, was held at St. John's, when a provisional agreement was reached; and, as a result, it is expected that a flying boat service between St. John's and New York via a port of call in Canadian territory will be started in the summer of 1934. St. John's will thus become the most easterly point of the vast air system of North America, and the point in closest proximity to the European network which extends almost throughout the whole of Africa and to distant parts of Asia.

496. Approach to Newfoundland being over water, the aircraft will probably be of the flying boat type, for which alighting facilities abound in the Island. Inland, there are lakes of convenient size. On the south coast, there are harbours such as those of Trepassey and Mortier Bay, while on the east coast there is an infinite number of harbours available with every natural protection.

#### General View of Trepassey Bay, looking North, n.d.

Photographer unknown. From the album of photographs furnished to the Newfoundland

Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (44 kb)



497. The domestic policies of the Governments of the Island has never apparently included adequate appreciation of the value of the aircraft operated in Newfoundland. It is countries such as Newfoundland and Labrador which particularly benefit by aviation. Great distances, remote settlements, winter isolation and the hazards of forest fires in the summer, all make quick communication from point to point desirable, and offer a field of use for aircraft hitherto ignored. A policy encouraging the use of aircraft would bring results which would amply repay any expense involved, and render the people more alive to the possibilities of a form of transport pursued so aggressively in other parts of the world and destined to become a most important factor in commerce, communication and defence of the nations.\* The opening of a service between St. John's and the mainland of the American Continent should result in a considerable volume of tourist traffic and provide facilities for the carriage of merchandise and in particular of perishable goods.

498. Newfoundland can also play a part in the development of a combined service with steamships and aircraft, the former being used for the long ocean crossing until such time as regular transatlantic flying is possible. For this combined service, the route would be varied seasonally, and use would be made of a port on the west coast of Newfoundland in the summer and of a port on the south-east in the spring and autumn. Connection with the American Continent would be effected at a suitable point in Canada.

499. The indirect benefit which will accrue to the country, both from the mere fact of its situation on the main trunk route between Europe and North America and from the establishment of high speed communications, should in the future be considerable.

### **Assistance of Foreign Capital.**

500. Various suggestions, mostly relating to the future rather than the present, were made to us by witnesses who emphasised the lack of foreign capital, and urged that it was only by the attraction of foreign capital that the natural resources of the Island could be developed and utilised to full advantage. Among, and typical of, these suggestions was a complicated scheme put forward by a representative of a firm of construction engineers in the United States. This scheme we think it well to outline since it has received a certain degree of publicity, mostly of a misleading nature, both in the United States and in Newfoundland.

501. The scheme provided in brief for the formation of a Company with the object of developing the resources of the Island, taking over the operation of the railway and increasing employment by the expansion and diversification of industry. For the financing of the Company, of which the promoting firm would be managers, it was proposed that an "Interior Development Fund" should be

formed, the resources of the Fund being provided over a period of years by the proceeds (less commission and operating costs) of monopolies to be granted by the Government to the Company of the importation and sale in Newfoundland and its dependencies of principal foodstuffs and other commodities. The commodities proposed were flour, sugar, coal, automobiles of every kind, including parts and tyres, wheat, sugar beet and raw sugar, kerosene, gasoline, and crude and lubricating oils; all of which would be imported and sold exclusively by the Company or its subsidiaries at certain fixed prices, to be approved by the Government, above c.i.f costs, duty paid Newfoundland. The Fund, which would draw its income in this way, would be administered by three trustees, of whom two would be representatives of the Company and one a representative of the Government. It would be the object of the Company to finance itself by public subscription and also to promote the formation of subsidiary companies similarly financed; in order that the raising of the necessary capital might be facilitated, the Company would be free to pledge the assets and income of the Fund. Until such time as the necessary could be raised from the public, the trustees of the Fund would make advances to the Company for the purposes of construction and development work in the Island, such advances to be made against cash or securities of the Company and its subsidiary companies. The scheme requires the Government of Newfoundland to make large free grants of land, easement rights and other concessions.

502. Such an outline was the scheme put before us. We will not enter here into the detailed conditions put forward by the promoters since these have, we understand, been modified. But it is understood that, however the details may vary, the principle of the scheme remains as outlined above. Two features of the scheme will at once be apparent, first, that the proposals are entirely dependent on the grant to the Company of monopolies of the importation and sale of essential commodities and, secondly, that no risk whatever would be run by the promoters of the scheme. All the risks involved would be borne by the Government and the people of Newfoundland. The promoters would be assured of a safe income as managers, to say nothing of the prospect of large profits from the operations of one or other of the proposed companies. The Government of Newfoundland, so far from being able to look to the Fund for a source of revenue which would assist them towards reducing the burden of the public debt, would be in a minority on the Board of Trustees and would be liable to find that the whole assets of the Fund had been pledged by the Company as security for public issues. Should the undertaking be successful, the Government would lose the money advanced, and the income of the Fund, derived from the public of Newfoundland by a species of indirect taxation, would be devoted to the satisfaction of the claims of bondholders. The promoters of the scheme, so far from suffering, would in any case make a profit.

503. Proposals of this kind will not bear, and do not merit, serious examination. It is unthinkable that in these days any Government with a sense of responsibility could bring itself, by the grant of a series of monopolies relating to essential articles, to place the future well-being of its people in the hands of a private company. The objections would be no less strong even if such a Company should offer to contribute from its own resources the capital necessary for the projects in view.

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\* Cf. *Journal of Commerce*, Newfoundland; August, 1933.

*Image description updated May, 2004.*

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## **CHAPTER VII.--PROSPECTS FOR THE IMMEDIATE FUTURE.** (continued)

### **Miscellaneous.**

#### DEMANDS FOR THE IMPOSITION OF HIGHER IMPORT DUTIES.

504.--(1) We heard evidence from the Associated Newfoundland Industries and others, urging the imposition of still higher duties on imported manufactured articles, with a view to the encouragement of locally-made goods. It was urged on their behalf that, with the duties at their present level, it was impossible for local manufacturers to compete against imported goods manufactured under a system of mass production. There are at present time, as we have already related, about 1,000 workpeople employed in local factories. In 1921 there were about 2,000. The present scale of duties is high, and this leads in turn to high retail prices. As most of the articles that enter into the cost of living are imported, the cost of living in the Island is dear and out of all proportion to what the people can reasonably be expected to bear. Moreover, as we have explained elsewhere, the effect is doubly serious in that Newfoundland is primarily an exporting country; and there is no doubt that, in these circumstances, a general scaling down of the duties in force would be in the best interests of the Dominion. In the course of the revision now contemplated, the claims of the Associated Newfoundland Industries in relation to individual articles will doubtless be taken into consideration in conjunction with the effect which a continuance of, and any further increase in, the existing scale of duties would be likely to exercise on the cost of living generally in the Island.

#### COMPLAINTS REGARDING METHODS ADOPTED IN THE PORT OF ST. JOHN'S.

(2) We heard complaints from traders and others regarding the delay in loading and discharging vessels in the port of St. John's which, together with the unnecessarily high charges incurred, were greatly hampering the trade and commerce of the Island. It was stated that, in consequence of these conditions, it is now the practice for vessels to avoid calling at St. John's if it is possible for them to do so, and that much trade is lost to the port from this and other causes; there was also said to be a growing tendency for mercantile firms to leave the port for other ports in the Island where loading is more expeditious and charges more reasonable. We also heard in evidence the representatives of the trade unions whose members are employed at the port. As a result of these hearings, we formed the opinion that some of the regulations in force at the port of St. John's are such as to hamper trade unnecessarily and to require reconsideration; we hope that the parties concerned will confer on this subject with a view to freeing the port from hampering restrictions and that, should no satisfactory agreement be reached, the matter may be referred to some independent tribunal for settlement.

#### SCHEME FOR DEVELOPMENT OF MORTIER BAY AS A FREE PORT.

(3) A scheme for the development of Mortier Bay as a free port has been under consideration for some time. Mortier Bay is an inlet of Placentia Bay on the south coast of the Island and is an open port all the year round. Under the scheme, the port will constitute a transfer point or ocean clearing-house for goods in transport between the markets of the world, the industrial regions of the Great Lakes and the Canadian and United States Middle-West and West. The scheme is based on the geographical situation of Newfoundland and on the advantage of water over rail transport. It is intended to eliminate the present costly rail haul by providing all-water transportation. What this might mean in economy may be gathered from an estimate by the International Joint Commission that one ton a railway mile costs as much as six tons a water mile. It is claimed that the advantage is intensified by the rapid growth of the Great Lakes industries and, in normal times, by the increasing traffic congestion of the United States railway lines and terminal ports. It is explained that the Great Lakes and the river St. Lawrence are closed by ice for five months in the year; during these months exports from and to the Great Lakes are transported by rail at great expense to and from points on the eastern seaboard of the United States. It is contemplated that, when the transfer point at Mortier Bay has been established, a considerable proportion of exports and imports will be stored there; outbound goods during the summer, to be shipped out to customers during the winter, and inbound goods during the winter, for immediate delivery to Great Lakes ports in the spring; thus providing a continuous system of all-water transportation, with all the saving which such a system would involve.



**Lake between Burin Harbour and Mortier Bay, looking Southwest, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (39 kb)

Mortier Bay is landlocked and ships of any size can lie there in perfect security, either at anchor or at wharves, at all seasons and in all weathers. It is said to provide the shortest and most direct route between the Great Lakes ports, the United Kingdom, Northern Europe and South America. It is proposed under the scheme that, as the port will be a free port, goods will be discharged, stored and transhipped without any duty being paid; that goods will be exempt from examination by Customs authorities; and that the vessels using the port will be subject only to a nominal pierage due, and will thus be entirely free from the usual dues and fees which weigh so heavily on shipping elsewhere.

*Image description updated May, 2004.*

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## CHAPTER VIII.--ALTERNATIVE COURSES OF ACTION.

505. Our investigations have shown clearly that Newfoundland is unable in present circumstances to support unaided the existing burden of the public debt; that the condition of the people generally, already well nigh desperate, will be still further depressed as a result of a fourth consecutive season in which the fishery has failed to yield them a livelihood; that the business houses of the Island have been faced with heavy losses; that the point has been reached where crippling taxation is yielding diminishing returns; and that prompt measures are needed if the country is to be saved from the imminent peril of financial collapse. The measures which it is possible to envisage fall into two categories, those which would be dependent on external aid and those which it would be possible for Newfoundland herself to take. If Newfoundland were to be called upon to rely solely on her own resources, the alternatives confronting her would for practical purposes be confined to, (a) default on the full payment of the interest charges, due half-yearly, on the public debt, with or without currency adjustments, and (b) the sale or lease of Labrador. We propose in the first instance to examine these alternatives.



**Battle Harbour, showing Hospital and Stores. First Station of Grenfell Mission, Labrador, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (53 kb)

### Effects of Default.

506. It is not surprising, in view of the extreme gravity of the situation, that there should have been some witnesses who felt that, notwithstanding the moral obloquy attaching to default, it was only in this direction that a solution of the Island's difficulties was to be found. The scheme generally favoured by these witnesses was that the Newfoundland Government should issue to the bondholders a statement explaining fully and frankly the financial position of the country; recounting in detail the efforts which had been made during the last two years, by the imposition of increased taxation, by the enforcement of drastic economies and by the strict control of all disbursements, to restore a budgetary equilibrium; and showing that in spite of these efforts, which had called for great sacrifices by the whole community, it was impossible for the country to meet in full the interest payments on the public debt. The statement would conclude with an assurance that the Newfoundland Government would in no way relax their efforts to meet their obligations; that the administration of the Island would continue to be conducted on a basis of strict economy; and that such balance as might remain to the Exchequer after administrative expenses had been met would be set aside each year, in part for the proportionate payment of interest



on the bonds, and in part for the establishment of a sinking fund by means of which the bonds could be redeemed as they matured. Alternatively, it might be possible for the Newfoundland Government to announce their intention of adopting a scheme under which interest on the bonds would be paid on a graduated scale, ranging from 1 per cent. for the first five years and 2 per cent. for the next five years and so on by increasing rates of interest until the full service of the bonds might be resumed in, say, 25 years' time; concurrently with the payment of interest on this scale, a sinking fund would be established by means of which the bonds could be redeemed as they matured. It was felt that, if a plan of this character were adopted, the Island would have given proof of its determination to put its house in order and the bondholders would have no serious grounds for complaint.

507. No part of the British Empire has ever yet defaulted on its loan obligations; in the absence of any precedent, the consequences which would follow from a default by Newfoundland must remain to some extent a matter for speculation. But if no precedent can be drawn from the history of the Empire, instruction may be derived from the experiences of other countries, and it is clear from these that any plan of default such as that outlined above could only be approached with the gravest apprehension.

508. The fulfilment of a private money contract depends, of course, in the last resort on the capacity of the debtor to pay, and the law provides accordingly for the bankruptcy of an insolvent debtor. But bankruptcy is at best an ugly word and carries a stigma which a nation even more than an individual would do well to avoid. Directly, or indirectly, national bankruptcy is liable to affect the fortunes of every citizen.

509. It can hardly be disputed that the first effect of a default by Newfoundland would be to shatter the credit of the country. There is no doubt that, even if this did not immediately lead to an embarrassing run on the Government Savings Bank, in which the deposits stand at about \$1,250,000, confidence would be impaired, trade would decline, development would be checked, and prospects of increased employment, higher wages and improvement of social conditions generally would be jeopardised. The additional difficulties which the trader would have to face would be doubly serious in that Newfoundland is compelled to import from other countries a large proportion of necessaries of life.

510. It has been said that the credit of some, at least, of the large and old-established mercantile houses stands so high abroad that it would be possible for them to carry on their import business without difficulty, notwithstanding the effects of a general loss of confidence; the contention advanced is that in these cases the individual merchant has established such close relations with exporters abroad that, although the credit of the country generally might be paralysed, the latter would in their own interests continue to do business with their former associates on the same terms. This, however, is only part of the story. For, even if relations between the larger houses and their foreign associates were not at first impaired, it is clear that many of the smaller houses would be placed in a position of extreme difficulty, that the consequential decline in trade would lead to a falling off of national revenue, and this in turn to further financial embarrassment which, with a general loss of confidence, would inevitably react on the fortunes of the larger houses of the Island, however reputable and well-established. Furthermore, it must be remembered that the losses suffered by the business houses of the Island during the last three years

have been on a considerable scale. This state of affairs is doubtless known to their foreign associates, and the knowledge must inevitably detract from the confidence which might otherwise be felt in their continued financial stability.

511. A further argument sometimes advanced is that, while default would destroy the credit of the Government, this would be all to the good, since it is to excessive borrowing that Newfoundland's difficulties are largely due, and loss of credit would ensure that no such borrowing could be undertaken in future. This again is only part of the story. For, even if the Government itself should be precluded from borrowing again, the shock to national credit would undoubtedly be communicated to the large industrial and commercial undertakings in the country and could not fail to hamper their prospects of expansion. In fact, however, the Government would be obliged to enter the capital market in the near future, in order to repay maturing loans of \$6,000,000 due in New York in 1936 and £320,000 due in London in 1938. No sinking fund has been established by means of which these loans could be repaid: the obligation to repay can therefore only be met by fresh borrowing. But it is safe to say that, if the Government were meanwhile to default on interest payments, it would be quite impossible for them to raise a new loan to meet maturities due in 1936 and 1938. It is obvious that no investor could feel confident that future Governments might not repudiate liability for interest payments or other conditions of the contract if it should suit their convenience to do so: he would therefore leave Newfoundland severely alone. In such circumstances, default on interest payments would inevitably result in an inability to redeem maturing loans, and any who may think lightly of the immediate effects of the former would do well to consider the consequences of a declaration of insolvency on this much larger scale.

*Image description updated May, 2004.*

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### Effects of Default. (continued)

512. We cannot indeed disguise from ourselves that default by Newfoundland, so far from providing a solution of the country's difficulties, would merely aggravate them. For any temporary relief which such a course might bring would be speedily counteracted by the destruction of the country's credit, and by the disastrous consequences which would inevitably follow from default on principal as well as on interest. Moreover, the situation in Newfoundland is already so grave that any further damage to the country's economic structure may lead swiftly to a financial collapse. For the Island to default on interest payments, if any other course is open to it, and risk the infliction of that damage, would be a suicidal policy.

513. We have been content to dwell on the consequences of default to the Island itself and to pass over the effects which default by a part of the British Empire would be likely to produce on other parts of the Empire and even elsewhere. The people of Newfoundland would not, we are sure, be prepared to ignore this latter consideration as a matter of no concern to themselves. As we have said, default by a British community would be without precedent, and such a step would at once retard the general recovery and tarnish the good name of the British Commonwealth. Alike in its own interest and out of loyalty to the Commonwealth, the Island should take every possible step to avert so great a misfortune.

### CURRENCY MEASURES.

#### *Inflation.*

514. There were certain witnesses who, while fully admitting that default by Newfoundland on the service of its public debt would be attended with the most serious consequences, suggested that these consequences might to some extent be mitigated if the Island were to adopt a scheme of currency inflation. These witnesses pointed out that Newfoundland's principal competitors in the European markets for salt cod-fish were Norway and Iceland, both countries with depreciated currencies; that it was the practice for Newfoundland fish to be sold in sterling; and that the depreciation of sterling since 1931 in terms of the Canadian dollar had acted as a 20 per cent. export tax on Newfoundland products. In this combination of circumstances the fishery had been conducted at a loss since 1931, with disastrous results both to the exporter and the fisherman. If, however, the currency of the Island could be divorced from the Canadian dollar and brought down at least to the same level as that of Newfoundland's foreign competitors, then, in the view of the witnesses, the fishery would receive a new stimulus, and would again become a source of profit to all concerned in it; improved conditions in the fishing industry would react on the other industries, there would be increased employment and the Island would be given a new opportunity of working out its own salvation. It was admitted that

such measures could not save the Island from default; and indeed that the depreciation of the currency would make it all the more difficult for the country to meet its sterling and dollar obligations; but it was thought that if bondholders received payment in Newfoundland currency, even though such currency might have a greatly depreciated value for external purposes, this was as much as bondholders could reasonably expect in present conditions.

515. These witnesses, in general, had no clear idea how such an inflation of the currency, now based on the Canadian dollar, could be brought about, or, if brought about, could be controlled. There were some, indeed, who seemed to envisage two kinds of legal tender current simultaneously in the Island, (1) the present note issue of the Canadian Banks, (2) notes to be issued by the Government with provision for redemption at a later period. It is obvious that these two kinds of notes would have different values, since the former are issued against a backing of gold and assets, whereas the latter would be issued with no other backing but the general revenues of the Island. Such a state of affairs could only give rise to confusion which would impair instead of stimulating the revival of trade. This would still be true even if, as some witnesses suggested, the people themselves were to be required to provide their own backing by the affixing of say a 3 cent stamp on each occasion that a note changed hands, the note being finally redeemed by the Government when the value of the stamps affixed were equivalent to the face value of the note.

516. We need not perhaps dwell on the well-known dangers of such inflationary measures. It is hardly necessary to observe that such notes would not be accepted abroad or to point out the great extent to which the Island is dependent on imports from foreign countries for the necessaries of life. It is obvious that any impairment of confidence in the Island's currency might well lead to a breakdown in trade which could not fail to have the most serious and far-reaching consequences.

#### *Suggestions for a New Currency.*

517. There were other witnesses, particularly those concerned in trade with the United Kingdom, who, while eschewing a policy of inflation, put forward the view that the interests of the country would best be served if the Island were given a new currency based not on the Canadian dollar but on sterling. These witnesses envisaged a Newfoundland pound, linked to but not necessarily on a parity with sterling. The precise relationship of this pound to sterling would be a matter for scientific determination, but it was suggested that the example of New Zealand might be followed. A further suggestion which was sometimes made by witnesses was that an English Bank might be established in the Island.

518. The approximation of the Canadian dollar to sterling during the last few months has considerably eased the exchange difficulties of Newfoundland, and is partly responsible for the improved dollar prices received during the recent months by exporters, and paid by them to fishermen, for Newfoundland fish. On the other hand, the uncertainties of a fluctuating sterling exchange must prove a handicap not only to the country's primary industry, the products of which are sold almost entirely in sterling, but also to those sections of the newsprint and mineral industries which are either dependent on or looking for entry into the United Kingdom market. In these circumstances, it has been argued that, on a long-range view, it might well be that the country would gain from the

substitution of sterling for the Canadian dollar as the basis of its currency. A decision, however, of such gravity and importance is not one which can be taken lightly. In no case could it provide a solution for the present emergency, since by no stretch of the imagination could it enable Newfoundland in any near future to meet from her own resources the interest charges on the public debt. The problem of avoiding default on these obligations, and the consequences which would inevitably flow from default, is the problem which claims priority over all others. When a solution has been found for that problem, it will be possible for the momentous question of a change of currency to be considered dispassionately and on strict merits, with the possibility also that by that time the future course of sterling may be more readily predictable.

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### The Question of the Disposal of Labrador.

519. Labrador is a territory with an area of 110,000 square miles; it is thus about twice as large as England and nearly three times the size of Newfoundland. The interior has never been fully explored, still less surveyed, but it has been estimated that about half the territory is timbered and that, of this area, about 30,000 square miles consists of forests suitable for commercial development. About 11,350 square miles of forest lands are at present held by private individuals and companies under licence from the Crown, such licenses running for 99 years and providing for the payment of an annual rental of \$2 a square mile. It would thus appear, on the basis of the above figures, that there remain some 19,000 square miles of forest lands which have not yet been allocated. The remainder consists of lightly-timbered lands, marsh lands and barrens. The forests are known to contain large quantities of valuable timber suitable for pulpwood, pit props and other commercial purposes. It is said that in the river valleys growth is rapid and even luxuriant. The climate is clear, cold and still, with a greater proportion of sunshine than the northern peninsula of Newfoundland.\*



#### Kanmaget Range and the "Bishop's Mitre", Labrador, n.d.

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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520. It has long been thought a not unreasonable assumption that mineral areas may be found in Labrador similar to the rich areas in the adjoining province of Quebec. Prospecting on a limited scale was undertaken during this summer, the results of which have not come up to expectations, but it is the present intention to continue the work. An area of three square miles or 1,920 acres has recently been granted in fee simple for purposes of mineral development and 19½ square miles, or 12,480 acres, are held for lease for similar purposes, the leases running for 99 years. In addition, prospecting licences have been granted to various individuals for a period of three years over an area of 2,240 square miles, or 1,433,600 acres. The granting of these licences was recently confirmed by the Legislature in an Act entitled "An Act to Ratify certain Agreements relating to Mining Rights in Labrador." The agreements provide in most cases for the grant of prospecting rights to each licensee over an area of 100 square miles; for an immediate payment of \$1,000 and for an annual rental of the same amount; and for the expenditure by the licensee of a minimum sum of \$5,000 a year. The agreements are so drawn as to permit of assignment and there are grounds for the belief that they have in most cases been entered into for speculative purposes.

521. Labrador is also known to possess water facilities of a high order which could no doubt be turned to profitable use in any scheme of development. There are ten main rivers of which the largest, the Hamilton River, is some 300 miles in length. Rising in a plateau some 1,800 feet above sea level, the Hamilton River passes over the celebrated Grand Falls, which are 315 feet in height or more than twice as high as the Niagara Falls. It is estimated that the river here drops 760 feet within twelve miles, with a water movement of 50,000 cubic feet a second. The flow is said to be steady and strong, and numerous sites where power could be developed are known to exist. It is not unreasonable to hope that, before many years have passed, modern scientific progress will enable these resources to be utilised, not merely in connection with the development of Labrador itself, but also for the benefit of neighbouring territories.

522. Prior to and during the litigation in 1927 in which Newfoundland's sovereignty over Labrador was confirmed, extravagant notions of the potentialities of the territory were current. When the case was won, it was felt that the fortune of the Island was made; and the belief that Newfoundland possessed in Labrador a valuable asset, which could doubtless be disposed of at a high figure if the necessity arose, provided successive Governments of the Island with an incentive to further borrowing. The estimates given in different quarters at different times of the value of the territory of Labrador with its sovereign rights vary from \$50,000,000 to \$500,000,000.

523. The problem now is:--How can Newfoundland make the best use of Labrador? Much has been said on this problem.

(a) Notwithstanding that Newfoundland is almost overwhelmed by adversity, there are those who maintain that it would be improper for the Government to enter into negotiations for the disposal of the territory and the transfer of its sovereign rights, since, in their view, it is the duty of the people to safeguard this valuable territory for future generations. It was urged by these witnesses that Newfoundland and Labrador together constitute a great outpost of the Empire; that the coast-line from Cape Chidley to Cape Race is some 1,500 miles in length, nearly as long as the coast-line of the United States on the Atlantic; that the two territories may be expected to become a centre for transatlantic aviation; and that they may look forward to a great future. It was claimed that, with the discoveries and the movements of people which each new century now brings with it, the two territories of Newfoundland and Labrador, if properly administered, might well become an industrious and prosperous community with a population commensurate to their size; and the view was put forward that Newfoundland should in any case hold Labrador until sufficient wealth had been created in the Island to enable the people of Newfoundland themselves to develop the dependency and reap the benefit of its great resources.† In the meantime, it was urged, Newfoundland should proceed cautiously and content herself with minor measures in Labrador, such as the leasing of fishing rights on the rivers and of rights to trap and hunt in the interior, and the imposition of a tax on the unoccupied or unworked lands of licensees.

524.--(b) Others again would welcome, as a business transaction, a transfer of territory and sovereign rights to Canada. The consideration generally contemplated is a monetary one, consisting not necessarily of a lump-sum payment, but a transfer of the existing public debt of Newfoundland or such part of it as would ease the Island of the unduly heavy burden which it now has to bear.

We are aware that tentative suggestions for the disposal of Labrador have, on several occasions during the last few years, been under discussion between the Newfoundland Government and the Quebec and Canadian Governments respectively. We are given to understand, however, that these suggestions only reached a preliminary stage and never formed the subject of active negotiations.

It had indeed been expected that matters would be brought to a head in 1931. In June of that year it was stated in the Canadian House of Commons that the question of purchasing Labrador from Newfoundland was engaging the attention of the Canadian Government; and in the following October a delegation was appointed by the Newfoundland Government to visit Canada with a view to the opening of official discussions. By that time, however, the economic depression had set in, and the view expressed by the Canadian Government was that, until there was a general improvement in world conditions, no good purpose would be served by considering the proposal. The discussions were therefore abandoned. Since that date, the effects of the depression have made themselves felt in every country of the world, and it does not appear that the time has arrived when the discussions could be resumed with advantage.

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\* Sir Wilfred Grenfell, *The Story of a Labrador Doctor*, 10th edition, London, 1930, p. 62.

† Cf. Speech by His Excellency the Governor. Journal of House of Assembly, 1927, p. 116; Proceedings of House of Assembly, pp. 19 *et seq.*

*Image description updated May, 2004.*

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525.--(c) There is a number who think that the problem would be best solved by the United Kingdom taking over the territory for a consideration and administering it either alone or in conjunction with Newfoundland. The suggestion was based on the grounds that the United Kingdom, with her wide experience of governing and administering new territories, would be better equipped to administer the territory than any other country; and that Labrador is so situated geographically that in the world of the future it may well come to occupy an important commercial and strategic position in the British Empire. This suggestion has never, so far as we are aware, been broached by either of the two Governments concerned, but it is noteworthy as showing the views entertained by a certain number of thinking people in the Island.

526.--(d) Another suggestion is that the territory might be sold or leased to a trading company operating under charter or other authority, the company administering the territory and paying to Newfoundland either a lump sum or annual rental for trading rights. Suggestions to this end have been put before us from more than one quarter. It was claimed that, apart from the money payment, the trading operations of the company would indirectly benefit the Island.

527.--(e) It has also been suggested that, in addition to or apart from any industrial and commercial development, the territory should be opened up by the construction of new roads and the establishment of inns, hotels and hostels; and that by this means the territory might be made an attractive country for tourists, sportsmen and others. Kindred proposals have been put forward from time to time; indeed, as far back as 1892, it was proposed that a railway should be built through Labrador which would greatly shorten the distance between England and Canada and promote union between Canada and Newfoundland. Until the territory has been explored and surveyed, proposals of this kind must lie outside the immediate range of practical possibilities.

528. As will be seen from this analysis of the suggestions put before us, the problem of the future of Labrador is one which has not only engaged the attention of successive Governments of the Island but has been a constant topic of speculation and discussion by Newfoundlanders throughout the country. It has also been the subject of consideration by individuals and companies outside the Island. Possibly the most helpful suggestion is that of a trading company, but, failing the establishment of such a company, we think that Newfoundland should retain the territory and administer it. The general opinion is that the territory is capable of great possibilities. Hitherto these possibilities have only been guessed at. As soon as funds permit, an aerial survey should be undertaken to ascertain with some degree of particularity the nature of the territory and its approximate value. What we have said as to the encouragement of the industry of fur-bearing animals\* in Newfoundland applies equally to Labrador.



**Cape White Handkerchief, Labrador, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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529. In any scheme that may be adopted for the disposal of the territory, it is probable that Newfoundland will require that the fishing rights of the Newfoundland fishermen on the coast of Labrador be safeguarded.

**Political Union with Canada.**

530. It will be seen from what has been said above that we do not regard default by Newfoundland on her loan obligations as providing a solution of her present problems; and we are satisfied that any of the proposals or suggestions last mentioned, if accepted, would offer only a temporary alleviation of existing difficulties. There are no other measures which Newfoundland can herself take to avoid default on the 1st January, and we turn now to alternative possibilities the fulfilment of which would be dependent on external assistance. The first of these is the possibility of negotiating some form of political union with Canada.

531. We do not propose here to enter into a detailed discussion of what at first sight would appear to be an attractive solution of Newfoundland's difficulties. It will have been seen from the historical summary in Chapter III that the question of political union between the two countries is one which has frequently been debated in the past and which arises with some acuteness about once in a generation. In 1867, when the Canadian Confederation was first formed, there was a general expectation that Newfoundland would link her fortunes with those of the other Colonies of British North America. This expectation, however, was rudely dispelled in 1869 when the issue was put to the people and decisively rejected. The question was not seriously discussed again until 1895 when, following the acute financial crisis in which Newfoundland was then involved, negotiations were opened with the Canadian Government. These negotiations came within measurable distance of succeeding but, as will be seen from the account given in Chapter III, a deadlock finally arose over the financial terms, the Canadian Delegation refusing to agree to the assumption by Canada of the whole of the Island's public indebtedness, and their maximum offer falling short by some \$5,000,000 of what the representatives of Newfoundland considered essential.† Appeal was made to the United Kingdom in the hope that the Imperial Government would consent to take this burden upon their shoulders and thus enable a statesmanlike solution to be reached; but the matter was regarded in England as one for settlement between Canada and Newfoundland and the Imperial Government felt unable to undertake such a commitment. The negotiations were therefore abandoned.

532. Passing by unofficial discussions from time to time, we come to an important debate in the Canadian Senate, in 1928, which revealed a preponderance of opinion sympathetic to the idea of union; and in which the similarity of interests in Newfoundland and the Maritime Provinces of Canada

was emphasised and a vision entertained of a great consolidated Dominion embracing all British countries on the Western side of the Atlantic.

533. Now, in 1933, the subject comes again to the forefront, and it was urged by some of the witnesses who came before us that the union of the two Dominions would provide a solution of Newfoundland's difficulties and would at the same time lead to the consolidation of an enlarged Canadian Dominion. But it is clear for a number of reasons, which will be detailed later, that, unless the Canadian Government were prepared to offer strikingly generous terms, no such solution would be acceptable to Newfoundland public opinion.

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\* Chapter VII, paragraphs 484-491.

† Chapter III, paragraph 86.

*Image description updated May, 2004.*

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534. It is axiomatic that, if Newfoundland should at any time enter the Canadian Confederation, she should only do so of her own free will on terms which would make her a contented partner. It is doubtless for this reason that the traditional policy of the Canadian Government has been to refrain scrupulously from any action or expression of view which might, however erroneously, be regarded as a form of coercion. The people of Newfoundland have long memories and in many parts of the country an instinctive distrust of Canada, the legacy of the propaganda spread by the anti-Confederate Party at the General Election of 1869, remains to this day a factor to be reckoned with. It is freely alleged that Confederation with Canada could have been brought about in 1895 had not the Canadian delegates, so far from conducting the negotiations in a spirit of sympathy and generosity, adopted an attitude suggestive, in the eyes of Newfoundlanders, of indifference to their fate. It was argued that the failure of these negotiations, following on the action of the Canadian Government in making representations which prevented the Island from enjoying the benefits of a reciprocity treaty successfully negotiated with the United States in 1892, created an additional obstacle in the path of those whose object was to create a better understanding between the two countries. However this may be, the fact remains that the old suspicions have never been entirely dispelled, and that Confederation with Canada has remained a bogey of which every political leader has fought shy.

535. The question is also complicated by the reactions which political union would have on individual interests. The broad principles underlying any such union would be that a large portion, if not the whole, of Newfoundland's debt would be assumed by the Federal Government; that the Island would be subject to the Canadian tariff, the revenue from Customs duties being paid into the Canadian Exchequer; that the Canadian Government would undertake certain public services in the Island, such as the Postal services, which could be regarded as of a Federal character; and that Newfoundland, with the aid of a small subsidy from the Canadian Government would in other respects maintain the administration from its own resources. The substitution of the Canadian tariff for that at present in force in Newfoundland would mean that Canadian goods which are now subject to duty would in future enter the Island duty-free. This would doubtless have the beneficial effect of reducing the present cost of living; but the likelihood that branches of the Canadian departmental stores would be introduced into the Island would create consternation among the store-keepers in St. John's. There is a very general apprehension in St. John's that, in such circumstances, it would be impossible for local store-keepers and business houses to compete successfully with Canadian firms operating on a basis of mass production, and that in a short time they would find themselves swept away. Similarly, it is feared that the farmers would be unable to dispose of their produce in competition with Canadian hay and vegetables; while the local factories would also be overwhelmed by the products of the Canadian

manufacturing centres. There is doubtless a tendency to exaggerate the effects which would follow from the throwing the Island open to Canadian imports, but these apprehensions cannot be dismissed as groundless and the argument that, even if they are substantially justified, a change of régime might none the less serve the best interests of the country cannot be expected to appeal to those whom such a change would sentence to permanent elimination.

536. In these circumstances, it may be said that the store-keepers in St. John's, the few local manufacturers, and the members of the farming community would, in general, be strongly opposed, in their own interests, to any form of political union with Canada which involved the substitution of the Canadian tariff for the existing duties. In other respects, also, fears are entertained that such a union would be economically disastrous to the Island. St. John's, under present conditions, is almost as far from Ottawa as from Liverpool. Ottawa can be reached by train and steamer in four days; Liverpool can be reached by steamer in six days. If Newfoundland were to enter the Canadian Confederation, the number of representatives in the Federal Parliament to which she would be entitled would necessarily be small; few Canadians outside the Maritime Provinces have any intimate knowledge of Newfoundland, and it is urged that there would thus be a serious danger that the interests of the Island would be neglected. The people of Newfoundland would much prefer to be masters in their own home, however poor, than to play the part of Cinderella in the Canadian mansion.

537. Witnesses who expressed these apprehensions frequently sought to illustrate their argument by reference to conditions in the Maritime Provinces of Canada. They pointed out that the markets of Newfoundland, like those of the Maritime Provinces, lie outside Canada; indeed, Canada only imported \$1,000,000 worth of goods from Newfoundland in 1932, whereas she exported to Newfoundland goods to the value of \$8,000,000, or half the total imports of the Island. On the other hand, it was claimed, the imposition of a high protective tariff compels the Maritime Provinces to purchase their requirements of manufactured articles from Central Canada. It was suggested that, in the same way, Newfoundland, while finding in Canada no outlet for the products of her fisheries or her forests, would be compelled to sacrifice her existing freedom to buy in the cheapest market and to confine her import trade increasingly to Canadian channels. It was alleged that, in the Maritime Provinces, local industries had to a large extent been ousted by the growing activities of a centralised industrial machine, and the deduction was drawn that the same effects would manifest themselves in Newfoundland. The Island, it was argued, would in fact be involved with the Maritime Provinces in a continual struggle to prevent the cost of living being raised for the benefit of the manufacturer in central Canada to heights which would cripple the export trade on which she is dependent for her livelihood.

538. Such were the views commonly expressed in Newfoundland by those who claimed to have made a close study of conditions on the mainland. How far, if at all, such views may be justified by the facts, it is not for us to say, since such matters as the economic relations between the several parts of the Canadian Confederation are altogether outside our competence. Still less could we presume to embark on a discussion of such a question as whether the Maritime Provinces would not, in practice, have fared better economically, if they had formed themselves into a single independent entity, instead of joining as separate units, each with their own Provincial Parliament and Provincial administrative

machinery, a Confederation which stretches from the Atlantic to the Pacific and thus comprises a variety of different interests. We think it important, however, to record that there is in Newfoundland an influential body of opinion which holds that the interests of the Maritime Provinces have been sacrificed to those of the manufacturing districts of Ontario and Quebec, and which would therefore be opposed in principle to the entry of Newfoundland into the Confederation on the same basis.

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### Political Union with Canada. (continued)

539. If it were possible for the Canadian Government to envisage a form of political union, under which Newfoundland, while becoming a partner in the Canadian Confederation and making a contribution to the Canadian Exchequer, would, for a time at least, retain the right to fix her own tariff and to collect her own Customs duties, such difficulties could no doubt be largely discounted. But any such scheme would involve the retention of Customs duties on Canadian goods entering Newfoundland, and it is clear that this would make such demands on the generosity of the Canadian taxpayer as would, in present conditions, be regarded as unjustifiable. Moreover, it must be borne in mind that the conditions of entry into the Canadian Confederation were fully expounded in the British North America Act of 1867; and, though in the section of that Act which allows for the possible inclusion of Newfoundland some latitude as to the terms to be arranged is permitted, it is clear that any striking differentiation between the terms accorded to Newfoundland and those accorded to the other partners in the Confederation might lead to embarrassing repercussions.

540. Apart, however, from the hostility which proposals for political union might be expected to evoke among certain interests in Newfoundland, it is fair to say that such proposals would at least receive more enlightened consideration and discussion to-day than would have been the case, say, twenty years ago. Since 1895 the currency of the Island has been the Canadian dollar and the entire banking business of the Island has been in the hands of Canadian Banks; during the present century imports from Canada have shown a steady increase, until to-day they amount to nearly 50 per cent. of the whole; Canadian interests in the Island have expanded; increasing advantage is being taken of educational facilities in Canada; and, finally, the Methodist and certain other Churches in Newfoundland have recently become part of the United Church of Canada. In view of the strength of denominational influence in the Island, this last development is of special significance.

541. Among Canadian interests in the Island may be instanced the ownership by a Canadian company of the important mine at Bell Island, reputedly the largest deposit of iron-ore in the Empire. Of the two Paper Mills, that at Corner Brook is affiliated to and shares orders with three Canadian mills and is probably the strongest partner of the four. Canadian life-insurance Companies do a large business in the Island, and there are numerous minor channels of commercial contact. Newfoundland will doubtless be brought into even closer relationship with Canada when developments in aviation lead to the introduction of a regular transatlantic service.

542. The people living on the south and west coasts of Newfoundland do a constant trade with Nova Scotia and Prince Edward Island, and objections to political union have in this part of the country lost much of their force. The seasonal employment obtained by Newfoundlanders in the mines of Cape Breton and in Canadian workshops and factories has led also to a wider knowledge, and

appreciation, of Canadian conditions. It cannot be said, however, that the tradition of distrust of Canada has, even in these parts of the Island, been entirely dispelled. The possible disadvantages which might be felt by a small unit on being absorbed by a large one are apt to be stressed, while the positive advantages of such a course are ignored. Chief among the possible disadvantages is placed the necessity for direct taxation, hitherto unknown to the fisherman in Newfoundland. The fear of such taxation, due in part to the credit system restricting the circulation of money, has, indeed, reached such proportions that many Newfoundlanders are unable to think reasonably on the subject or to appreciate that any obligations which they would incur in this respect would be much more than counterbalanced by a decrease in the cost of living and in the cost of fishery supplies.



**Baie [sic] de Vieux, looking North, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (73 kb)

543. Hitherto, the discussions on the subject of a political union have proceeded on the basis of a Confederation under the British North America Act. If the sentiment and feeling of the two countries had been different, it might have been possible to establish a union of another kind, outside the British North America Act--something entirely new. The two countries might have worked out a union of some or all such services as are common services--Railways, Agriculture, Fisheries, Mines, Public Health, Postal Facilities and other similar services. In each of these services there might be one common service for Newfoundland and Canada; and Canada, as the larger partner in the common adventure, might contribute towards the easing of Newfoundland's burden of debt and thereby enable Newfoundland, by improving her trade and commerce, to contribute an increasing share to the common fund. But, having regard to the present feeling in the two countries, we feel that such a union is not practicable, and that it would serve no useful purpose to consider the question at the present time.

#### **Assistance from the United Kingdom.**

544. The other possible courses of action falling within the category now under discussion are all dependent in some degree on assistance from the United Kingdom.

Reluctant as we are to recommend any proposal which would have the effect of throwing an additional burden on the United Kingdom taxpayer, we are left, by a process of elimination, with no alternative. It must, indeed, be frankly recognised that it is wholly beyond the powers of such a small and impoverished community as the population of Newfoundland to grapple successfully with the unprecedented difficulties now confronting them. The Canadian Government, for reasons which have already been explained, is precluded from lending assistance at the present time. Such assistance can therefore only come from the Mother Country, and we have no hesitation in saying that the interests of the Island make it imperative that an immediate appeal should be made to the sympathy



and good offices of the Government of the United Kingdom.

*Image description updated May, 2004.*

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## CHAPTER IX.--A JOINT PLAN OF RECONSTRUCTION.

545. Having arrived at this point, we think it well, before examining the various forms in which assistance from the United Kingdom might be given, to recall the requirements which we, for our part, should regard as essential if the present situation in the Island is to be effectively remedied. Such requirements are twofold, financial and political. On the financial side, we have shown that in existing conditions it is wholly beyond the resources of the Island to support the present burden of its public indebtedness; an alleviation of the burden is therefore essential. Measures designed to alleviate this burden would not, however, in themselves provide a solution of the Island's difficulties; since, as we have indicated in Chapter V,\* those difficulties are largely attributable to the reckless waste and extravagance, and to the absence of constructive and efficient administration, engendered by a political system which for a generation has been abused and exploited for personal party ends, even when the Prime Minister of the day has struggled for honest and clean government. A complementary requirement therefore to measures of financial relief is that the present form of government should be temporarily modified in such a way as would serve not merely to check the unfortunate tendencies to which the present system has given rise, but also to promote the rehabilitation of the Island on sound principles. We feel confident that, if measures of this twofold character were adopted, Newfoundland would be able, before many years have passed, not merely to enjoy a higher standard of material prosperity than she has yet experienced in the course of her history, but also to win free from the malign influences which, developing from a prolonged period of misgovernment, have demoralised the people and warped their outlook. In default of the adoption of such measures, there can be little doubt that, even if the immediate situation could be temporarily alleviated, the difficulties with which the Island would ultimately be confronted would be even more acute than those which now beset it.

546. We propose to deal first with the political and constitutional aspect of the proposals which were put before us from time to time by witnesses desirous that the assistance of the United Kingdom should be invoked: the financial aspect of these proposals will be referred to later.

### **Political and Constitutional Aspect of Proposals submitted to the Commission.**

547. From the political and constitutional point of view, these proposals fall into three categories: those which postulate a continuance of the present system of government, with such modification as would be necessary to ensure the permanence of the form of control over expenditure which is now in force; those which postulate a continuance of the present system of government, with such alterations as might conduce to more efficient administration without necessitating a modification of the existing constitution; and those which are based on the assumption that only a radical change of system for a period of years can the Island be restored to health.

548. The proposals which fall within the first category, if considered in the light of the requirements specified at the opening of this chapter, will be seen to be defective in two respects. In the first instance, as has been explained in Chapter IV,† the form of the "Treasury control" now in operation was designed for negative rather than positive purposes. Its primary object is to prevent excessive or extravagant expenditure by Departments; to ensure that the Estimates presented for Parliamentary approval are prepared on a basis of strict economy; and to make certain not only that no money is spent on unauthorized purposes, but that expenditure even on purposes authorised by the Legislature is kept to a minimum. For this negative purpose the system works admirably, but it will be understood that the Controller of the Treasury is the servant of the Newfoundland Government and bears no direct responsibility for the policy which the Government may think it necessary to adopt. He would not, indeed, have the time, even if it were his function, to enter, on his own initiative, the wider field of administrative policy and advise the Government in matters in which financial considerations were not primary or immediate. What is needed, however, if the country is to be put on its feet again, is something more than a strict control of expenditure, valuable as that control undoubtedly is, and it is essential, in our view, that some machinery should be devised which will ensure the execution of a constructive forward policy designed to improve the condition of the people, to promote efficient and impartial administration, to stimulate enterprise, to encourage the conservation and development of natural resources on sound lines and to provide new outlets for the growing population. This machinery could not be provided by proposals coming within the first category mentioned above.

549. There is a second defect in these proposals since the assumption that it would be possible, by modification of the constitution, to ensure the permanence of the present or any other system of control over expenditure will not bear examination. For, apart altogether from considerations of constitutional propriety, it would be going beyond the bounds of reason to suggest that such provisions should be so enshrined in the constitution as to be liable to alteration in no circumstances whatever; the most that could reasonably be urged is that they should be made incapable of modification except by the adoption of some special and formal procedure. The attachment of such conditions might, it is true, act as a deterrent to a Government desiring a change, but *ex hypothesi* there would always remain a possibility that a change might be successfully initiated by any Government which chose to adopt the prescribed procedure. On this basis there could be no permanent safeguard.

550. For these reasons, therefore, we consider that the proposals falling within the first category would be inadequate for the purpose which we have in view. We pass now to the proposals in the second category, viz., those which postulate the continuance of the present system of Government with such alterations as might conduce to more efficient administration without necessitating a modification of the existing constitution. These proposals again do not comply with the test which we have applied above. We need not repeat our view that what is required is machinery that will ensure the execution of a constructive forward policy: we are satisfied that such machinery could not be created without a modification of the existing constitution. The only improvements in the present system which could be effected within these narrow limits would be of such a minor character as would exercise no appreciable effect on the future of the country, and we could in no circumstances feel justified in putting forward recommendations designed to enlist the co-operation and assistance of Your

Majesty's Government in the United Kingdom, if such assistance was to be directed solely to the financial relief of the Island while the fundamental causes of the present difficulties were to be neglected.

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\* Chapter V, paragraphs 218-220 and 235-246.

† Chapter IV, paragraphs 143-147.

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## CHAPTER IX.--A JOINT PLAN OF RECONSTRUCTION.

### **Political and Constitutional Aspect of Proposals submitted to the Commission.** (continued)

551. After much anxious consideration, therefore, and in spite of a strong pre-disposition in favour of the maintenance of established representative institutions and of responsible government, we have been forced to the conclusion that only by a radical change of régime for a limited period of years can the Island be assisted to effective recovery. In arriving at this conclusion we must not be understood to be reflecting in any way either on the capacity of the good intentions of the present Government, the members of which have given signal proof of their public spirit and willing service in the public interest in straining every nerve to stem the tide of adversity, but it is clear that the legacy of a generation of mis-government has presented them with a task which they cannot hope to accomplish in an atmosphere tainted by political and party influences.

552. We have carefully considered whether the difficulties of the Island might not be satisfactorily countered if a National Government, composed of all political parties, could be formed with a view to the launching of a united effort for the reconstruction of the country. The relations between the two main parties are, however, such as to make it unlikely that a government of this nature could be formed on the basis of a common programme, or, if formed, could be sustained; and there are other difficulties, arising from the present distribution of seats in the House of Assembly. We cannot, moreover, escape the conclusion that even if a National Government could be established on a basis which led to a suspension of political rivalry, the underlying influences which do so much to clog the wheels of administration, and to divert attention from the true interests of the country, would continue to form an insuperable handicap to the rehabilitation of the Island.

553. That it is essential that the country should be given a rest from politics for a period of years was indeed recognised by the great majority of the witnesses who appeared before us, many of whom had themselves played a prominent part in the political and public life of the Island. These witnesses only differed as to the form which such a rest from politics might take. In most cases it was contended that a radical change was required if the country was to be built up anew: there were, however, some witnesses who expressed the view that the situation would be remedied satisfactorily if the present Government could be persuaded to enact a law extending the existing statutory period of the present Parliament for three or four years beyond the present term, thus freeing the country from any apprehension of a general election until 1939 or 1940. We have carefully considered this suggestion, but we feel bound to record the view that, even though the circumstances might be held to be so extraordinary as to render such a course constitutionally justifiable, it would not, for the reasons which we have outlined above, conduce to the creation of that new order of things which must be the goal to be aimed at.

554. The view expressed by most witnesses was that freedom from politics must be interpreted as denoting freedom from the undercurrents of political influence. That a Legislature composed almost entirely of one party should seek to extend its life beyond the existing statutory period might possibly be justified in the present predicament of the country: but any such action would, they claimed, be liable to misinterpretation, and would be a bad precedent, of which use might be made later in other conditions. It was felt, indeed, that, so far from leading to a political holiday, such a course might have the very opposite result. For it would inevitably give rise in some quarters to a bitterness of feeling which might be expected to lead to a revival of the crudest form of electioneering methods. In this event there might be an intensification of those very practices which we are most anxious to see eliminated. In view of these witnesses, the desideratum was not merely that the country should be freed for the time being from the prospect of a general election, and from the demoralising influences of party politics, but that, in order that people might be trained anew to a spirit of self-reliance and independence, the existing Legislative machine should be temporarily suspended and the Government of the country placed for a period of years in the hands of a "Commission". Such a "Commission" would be presided over by His Excellency the Governor, and would be able to remodel the administration and to shape its policy without regard to the political considerations which no elected Government could afford to ignore.

555. It was recognised that, if such a form of Government was to be established, it would be necessary that it should be subject to supervisory control by Your Majesty's Government in the United Kingdom. This would inevitably detract for the time being from Newfoundland's status as a Dominion. But considerations of constitutional status were regarded more as a matter for academic discussion than as a practical issue. The people of Newfoundland are fully content that the Island should be known as "Britain's oldest Colony" and constitutional niceties, which in any case are held to be of small importance compared with the necessity of rescuing the country from its present dangers, make no appeal to them.

556. Numerous suggestions were put before us as to the form of "Commission" that might be established. We need not perhaps enter into details of these suggestions: it will suffice to say that in most cases the principles underlying them were that the Commission should be composed, in part of Newfoundlanders who inspired general confidence in the community, and in part of Commissioners drawn from outside the country; the Commissioners should take charge of the various Departments of Government and should be responsible to His Excellency the Governor for the administration of the country; and that, in order that they might fulfil their duties without regard to political considerations, the existing Legislature should for the time being be suspended.

557. After examination of all the alternative courses that have been put before us from time to time and of variants that have suggested themselves to us, we have no hesitation in saying that, in the circumstances now prevailing in Newfoundland, the proposal that a system of "Government by Commission" should be established for a limited period of years affords the best hope of enabling the Island to make a speedy and effective recovery from its present difficulties. We proceed, therefore, to outline the plan which has been specially devised to meet the present emergency and which is based on the understanding that, as soon as the Island's difficulties are overcome and Newfoundland is again self-supporting, responsible government, on request from the people of

Newfoundland, would be restored.

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## **CHAPTER IX.--A JOINT PLAN OF RECONSTRUCTION.** (continued)

### SCHEME RECOMMENDED.

#### **A.--Constitutional Changes.**

##### ESTABLISHMENT OF NEW FORM OF GOVERNMENT.

558.--(1) Under the present system of Government, the Legislature is responsible to the people and is composed of His Excellency the Governor and two Houses of Parliament, while the executive business of the Government is transacted by an Executive Council or "Cabinet", the members of which are appointed by the Governor in accordance with the accepted canons of parliamentary practice. We recommend that, until such time as Newfoundland may become self-supporting again, there should be substituted for this system a form of Government under which full legislative and executive power would be vested in the Governor acting on the advice of a specially created Commission of Government over which His Excellency would preside. The existing Legislative and Executive Council would for the time being be suspended.

(2) The Governor-in-Commission would be responsible to Your Majesty's Government in the United Kingdom for the good government of the Island, the general supervision of Your Majesty's Government in the United Kingdom being exercised through the Secretary of State for Dominion Affairs. The existing Letters Patent and Royal Instructions would be suspended and new Letters Patent and Royal Instructions would be issued in their place.

(3) The Commission of Government would be composed of six members, exclusive of the Governor. The members of the Commission would be appointed by Your Majesty, on the advice of Your Ministers in the United Kingdom. Three members of the Commission would be chosen from Newfoundland, and three from the United Kingdom. The former would be paid from Newfoundland funds, the latter from United Kingdom funds.

##### LEGISLATION.

(4) Laws would be enacted by the Governor by and with the advice of the Commission of Government. Laws would take effect immediately on enactment, but the power of disallowance would be reserved to Your Majesty. Advice in respect of such laws would be tendered to Your Majesty by Your Ministers in the United Kingdom. Copies of all laws would accordingly be sent by the Governor, as soon as enacted, to Your Majesty's Government in the United Kingdom with a full statement of the objects and reasons for their enactment.

(5) The laws in force in Newfoundland would continue to be in force under the new form of government, except in so far as they might be varied by legislation. It would no doubt be desirable that, immediately on the coming into force of the new Letters Patent and Royal Instructions, a law should be enacted by the Governor-in-Commission providing for such adjustments in the existing laws as might be necessitated by the new constitution, e.g., for references in existing laws to the Executive Council or to the Governor-in-Council to be construed as if



they related to the Governor-in-Commission.

### EXECUTIVE ACTION.

(6) As in the case of legislation, so in executive matters the Governor would act on the advice of the Commission of Government. He would, however, be given powers in executive matters to act in emergency on his own initiative: in any case he would inform the Commission of his action as soon as might be, and would report the grounds for his action to Your Majesty's Government in the United Kingdom.

(7) All appointments to, and promotions in the Public Service would be made by the Governor-in-Commission, subject, in cases where the salary of the office exceeded a specified figure, to the prior approval of Your Majesty's Government in the United Kingdom. The appointment of Judges of the Supreme Court would, as at present, be subject to the approval of Your Majesty.

(8) The members of the Commission of Government would take charge of, and would be collectively responsible for the good working of the various Departments of Government. These would accordingly be divided into six groups; each of these groups would be placed under the control of a member of the Commission as a whole. The manner in which the Government Departments might be most efficiently and economically grouped can best be settled in the light of experience: but it is suggested that the three Newfoundland members of the Commission might take charge of the following Departments:--

Home Affairs,  
Justice,  
Education,  
Public Health and Welfare,  
Police,  
Labour,  
Liquor Control,  
Pensions.

(9) The remaining Departments, grouped as follows, might be placed in charge of the three members of the Commission chosen from the United Kingdom:--

(1) Finance.  
Customs.                                }  
Income Tax.                            } Department of Finance.  
Post Office.

(2) Marine and Fisheries.            }  
Forests.                                 } Department of Natural Resources.  
Agriculture and Mines.

(3) Public Works.  
Railway.                                 }  
Steamship services and             } Department of Public Utilities.  
other communications.  
Newfoundland Hotel.

### GENERAL.

(10) All laws would be enacted, and all other matters coming before the

Commission of Government would be decided, by unanimity or, if on any matter there should not be unanimity, by a majority of the votes given. In the latter event, the Governor and each member of the Commission actually present would each exercise one vote.

(11) As already indicated, the Governor would normally preside at all meetings of the Commission of Government. The Commission would elect from among the Newfoundland members a Vice-Chairman who would preside in the Governor's absence. But in the event of the Governor being absent from the Island, either on vacation or by special permission, or in the event of the accordance with the existing practice, by the Chief Justice, who would thereupon preside over the meetings of the Commission of Government.

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### B.--Financial Relief.

559. Such in outline is the scheme which we recommend for a temporary modification of the existing system of government. But it follows from what we have said above that such a change would not in itself be sufficient to enable the Island to make a speedy recovery from its present difficulties. An essential corollary to an alteration in the present system of government is that Your Majesty's Government in the United Kingdom should assume general responsibility for the finances of Newfoundland for the time being, on a basis which would result in the Island being relieved in a measure from the present burden of her public debt.

560. Numerous suggestions have been made to us as to the form which such relief might take. These fall briefly into three categories:--

(a) Suggestions that the bondholders might be invited to exchange their existing bonds for new bonds running for 30 years and bearing interest at a rate substantially lower than those now in force, such bonds to be guaranteed by Your Majesty's Government in the United Kingdom. It was contemplated by those making these suggestions that a sinking fund of 1 per cent. would be established as soon as conditions permitted. The saving of the Newfoundland Government under this arrangement would of course depend on the new rate chosen; if this were 3 per cent., it would be approximately \$2,000,000 per annum less provision for sinking fund. Such a saving would not be sufficient to liquidate the present deficit on the Island's budget (estimated at \$3,300,000) and it was suggested that, until such time as the budget could be balanced, a grant-in-aid might be provided annually from the United Kingdom Exchequer.

(b) Suggestions that Your Majesty's Government in the United Kingdom might see fit to assume responsibility for the debt incurred by Newfoundland for the financing of her efforts in the War. Excluding the War advances of £400,000 made by Your Majesty's Government in the United Kingdom to the Newfoundland Government, the interest payments on which have been suspended under the arrangements consequential on the agreements reached at the Lausanne Conference, the debt incurred by Newfoundland for war purposes amounts to \$13,000,000, involving interest charges of approximately \$675,000 per annum. It has been the practice to meet these interest charges by fresh borrowing, with the result that, apart altogether from War Pensions, a further \$13,000,000 has been added to the capital debt of the Island in this way.

(c) Suggestions that the Newfoundland Government should take steps to convert its loan obligations to a lower rate of interest as they mature, an operation which would be spread over 25 years, and that in the meantime Your Majesty's Government in the United Kingdom should make an annual subsidy to the Newfoundland Government of

such amount as would be required to enable the Island to balance its budget after provision had been made for the payment of interest on the public debt.

561. We cannot say that we have any partiality for the suggestions at (b) and (c), each of which would place a substantial burden on the United Kingdom taxpayer without effecting any immediate improvement of consequences in Newfoundland's financial position. The fact remains, however, that, under the scheme we have outlined, responsibility for Newfoundland's finances would for the time being be assumed by Your Majesty's Government in the United Kingdom; and we feel that it is only reasonable in the circumstances that, so long as a reduction of the present burden of the debt is achieved, Your Majesty's Government in the United Kingdom should be left complete freedom of action as to the manner in which it should be effected. We do not propose, therefore, to complicate the issue by making detailed recommendations under this head. We accordingly confine ourselves to recording our considered view that a reduction of the present burden of debt is essential to the recovery of the Island, and that our recommendations for a temporary modification of the existing system of government are dependent on such reduction being achieved. So long as this is clearly understood, we consider that it can safely be left to Your Majesty's Government in the United Kingdom to make such arrangements regarding the debt as may be considered just and practicable in the circumstances.

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## **CHAPTER IX.--A JOINT PLAN OF RECONSTRUCTION.** (continued)

### **Summary.**

562. Our proposals, in brief, are that it should be frankly recognised that it is impossible for the Island to surmount unaided the unprecedented difficulties that now confront it, and that the Newfoundland Government should make an immediate appeal for the sympathetic co-operation of Your Majesty's Government in the United Kingdom in the execution of a joint plan of reconstruction of which the following would be the main features:--

(1) The suspension of the existing form of government until such time as the Island may become self-supporting again.

(2) The creation of a special Commission of Government, which would be presided over by the Governor, would be vested with full legislative and executive authority, and would take the place of the existing Legislature and Executive Council.

(3) The Commission of Government would be composed of six members, exclusive of the Governor, three of whom would be drawn from Newfoundland and three from the United Kingdom.

(4) The Government Departments in the Island would be divided into six groups. Each group would be placed in the charge of a Member of the Commission of Government, who would be responsible for the efficient working of the Departments in the group, and the Commission would be collectively responsible for the several Departments.

(5) The proceedings of the Commission of Government would be subject to supervisory control by Your Majesty's Government in the United Kingdom, and the Governor-in-Commission would be responsible to the Secretary of State for Dominion Affairs in the United Kingdom for the good government of the Island.

(6) Your Majesty's Government in the United Kingdom would, for their part, assume general responsibility for the finances of the Island until such time as it may become self-supporting again, and would, in particular, make such arrangements as may be deemed just and practicable with a view to securing to Newfoundland a reduction in the present burden of the public debt.

### **Procedure.**

563. The appropriate procedure for bringing a joint plan of this character into operation would, we suggest, be the submission of an Address to Your Majesty by both Houses of the Newfoundland Parliament, followed by legislation in the United Kingdom.

### **General Observations.**

564. It will thus be seen that the plan of reconstruction which we desire to recommend is of twofold character, constitutional and financial. The two parts of the plan hang together; neither separately would achieve the purpose in view, nor could we recommend that either part should be adopted without the other.

565. It is fully present to our minds that, in view of Newfoundland's status as a Dominion, neither part of the plan can be put into effect except on the initiative of the Newfoundland Government and Legislature. We feel confident, however, that the Newfoundland Government and Legislature, which have already given proof, both individually and collectively, of their anxiety to serve only the best interests of the country will not hesitate to give their approval to, and to collaborate in the speedy adoption of, measures which impartial examination has shown to be best calculated to repair the fortunes of the Island.

Our subsidiary recommendations will be outlined in the following chapter.

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## CHAPTER X.--SUBSIDIARY RECOMMENDATIONS.

### Reorganisation of the Civil Service.

566. The Civil Service of Newfoundland exists only in name. In place of an organised service by examination or otherwise under established regulations, there is a collection of individuals who for the most part owe their positions to political influence. There is no cohesion and no *esprit de corps*. Little regard is paid to the qualifications of candidates for particular posts. As we have said in Chapter V,\* the spoils system is in force, and it has been the practice for the party returned to power at a general election to find places in Government employment not merely for their political supporters but also for their friends and relations.

567. In addition, the Civil Service is handicapped by the arrangement under which appointments are distributed as evenly as possible among the various denominations; in an individual Department, members of one region or another are often by tradition the predominant factor in it, and, in the case of new appointments, efficiency is liable to be sacrificed in order that a person of a certain denomination may be appointed.

568. The influence of these considerations has been such that good work has been placed at a discount. Impartial administration is difficult; and even where men may have endeavoured to do their best for the country in spite of the obstacles confronting them, they have too often found their recommendations set aside or ignored on account of political or denominational considerations. Persistence in a course of action likely to arouse the opposition of those who have friends at court would at best be foolhardy and at worst suicidal.

569. In the result, apart from very few individual exceptions, the Civil Servant is apt to be subservient to the politicians, is afraid of assuming responsibility for fear of offending them, has a tenure of office which is liable to be uncertain, and is generally lacking in efficiency.

570. Moreover, there is no age of compulsory retirement for persons in Government employment, and the politician has been assisted in his design of staffing the service for the benefit of his friends by the peculiar pension system in force. Under this system, except in cases of abolition of office or mental or physical infirmity, Civil Servants do not become eligible for pensions until they have attained the age of 65 years; on the other hand, the length of service necessary to enable a Civil servant to qualify for a pension at 65 years of age is only 10 years. This has encouraged the entry into the service of men of advanced years who have no desire to make a career in public employment and whose only aim is to serve long enough to enable them to obtain a pension. Furthermore, until the present emergency, it was quite common for the pensions regulations to be ignored altogether. A Government desiring either to make room for its supporters or to reward its favourites already in the public service could introduce a Bill into the Legislative Assembly providing that pensions of specified amounts should be granted to named individuals. This Bill, when passed, was

deemed to override the Pensions Act and the pensions thus granted were frequently inconsistent with the established regulations.

571. It is further to be noted that the lack of any fixed age for retirement in itself tends to lower the standard of efficiency (although here again we would like to say that certain exceptions exist); and it also takes away from the incentive of the younger officials owing to long deferment of promotion.

572. The last point we wish to make is that the defects to which we have referred make the average Civil Servant little qualified to play a part in the control of expenditure. In a normal Civil Service it is to be expected that the officials in a given Department will check and prune very carefully any proposals for expenditure which it may have to meet before submitting them to the Treasury. This is not done in Newfoundland. Moreover, the Departments are apt to make exaggerated cases, whether at the instance of a politician or otherwise, for increases of salary, special allowances or special pensions, for the benefit of favoured individuals. The Controller of the Treasury can rarely rely on the proper co-operation of Departments in checking and curtailing expenditure; and it is necessary for him to assume a greater responsibility in supervising the detailed work of the Departments in this respect than should normally be required.

573. This is a dark picture. In mitigation of it we are glad to be able to quote a passage from the Budget Speech† of the Prime Minister and Minister of Finance and Customs last June:--

"I think that a special reference is desirable to the salaries, and the pensions, of the Civil Service. No one has been more concerned than myself at the severe reductions which have been made both in salaries and pensions in the emergency which has confronted the country in the last two years, and no one appreciates more than myself the spirit in which they have been accepted. Apart altogether, however, from this emergency, I cannot help stating that in my view there is very great need for the reorganisation of the Civil Service. The Service has grown up over a considerable number of years, and in a manner which has by no means been systematic. It will be the object of the Government during the coming financial year to bring into effect a reorganisation which, among other things, will adjust more closely the substantive salaries payable to the actual duties carried out, will correlate posts of the same or similar standing in the different Departments, and will modify the existing pension system in order to bring it into a more close correspondence with those systems in force in other countries. During the past year the Government have decided that no appointment to the Civil Service, unless of a purely provisional and temporary nature, shall be made without an educational test, and this test will be maintained. For the future the competence of the individual to carry out those duties to be entrusted to him will be his sole qualification for appointment; and promotion will in every case be based solely upon the individual's ability to undertake responsibilities commensurate with those of his new position."

574. It is earnestly to be hoped that early effect will be given to the undertakings which we have quoted and, in particular, that the present political and denominational handicaps to the Service will be removed. We understand that the Government have in view the issue of regulations which will bring



conditions in the Civil Service more into alignment with those in force, e.g., in the United Kingdom. We welcome this intention. We feel confident that under the new arrangements there will be a marked improvement in the efficiency of the existing members of the Service. Many of those who are now prevented from putting forward their best efforts or exercising their initiative will then be free to do so; and we cannot doubt that the Service, despite the unfortunate manner in which it has been recruited and the difficulties with which it has had to contend, contains many men who will do credit to the service of their country. On the other hand, there is no doubt that there are a number of men now in Government employment who are not adequately qualified for the purpose.

575. We feel convinced that the changes envisaged will meet with the full support of public opinion and that, with a new conception both of the obligations due to and of the standards expected from a public servant, there will be created within a few years a Civil Service which will attract the best material in the country and transform the administration of the Island.

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\* Chapter V, paragraphs 229-231.

† The speech is printed in Appendix J.

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## CHAPTER X.--SUBSIDIARY RECOMMENDATIONS. (continued)

### Need for Special Investigations.

576. The description of existing conditions which we have given in the foregoing chapters will have made it clear that there are many directions in which a forward move is required if the country is to be successfully rehabilitated. In order that a comprehensive programme may be worked out on sound lines, it will be necessary for the new Government to have recourse to expert advice, both in the development of the natural resources of the Island and in other matters closely affecting the health and welfare of the people.

We have already indicated our view that the revision and simplification of the tariff on a scientific basis is a matter which requires urgent attention. We propose now to refer to other subjects calling for expert investigation.

#### EDUCATION.

577. The educational system of the Island has already been described.\* The curriculum at present in force in the schools was referred to by a number of witnesses, some of whom were of opinion that it did not meet the needs of the Island, while the views of others were generally favourable to existing methods. We feel, however, that it is unnecessary for us to discuss the subject in detail in this Report, since arrangements have already been made by the Government for an educationalist of repute and experience to visit Newfoundland and advise upon the present training given in the schools. Without seeking to prejudice any recommendations that may be made, or changes that may be introduced, we hope that any new curriculum, while giving an equal opportunity to all school children and meeting the requirements of students of exceptional promise, will be such as will better equip the average boy and girl for the avenues of employment likely to be available to them in the Island. We have already drawn attention in Chapter VI to the importance of providing organised instruction in fishery matters.†

#### RAILWAY AND STEAMSHIP SERVICES.

578. Many of the witnesses who appeared before us had suggestions to make regarding the future of the railway and steamship services to the Island.‡ Nearly all of these witnesses were in favour of the abandonment of the branch lines and some indeed went so far as to express the view that the entire railway should be closed. These last witnesses pointed out that the railway had never paid its way since its inception, that the cost of the railway to the country from first to last had been nearly \$50,000,000, a sum equivalent to approximately half of the present public debt, and that its upkeep demanded a continual outlay which was greater than the country was ever likely to be able to afford. On the other hand, they argued, if the railway were closed, the Island would be no worse off either as regards mail services or inter-communication between different parts of the country. They observed that, in the absence of competition from the railway, a

fast and frequent steamship service would doubtless be established between St. John's and Halifax, Nova Scotia; such a service, they suggested, would provide the Island with better mail facilities than those at present given. They pointed out that for internal purposes communication would for the most part be by coastal vessels and schooners, and they expressed the view that few parts of the Island would suffer, while most would gain, since a great stimulus would be given to the coast-wise carrying trade, schooners would come into their own again, and there would be a great increase in shipbuilding and a renewal of local activity in the outports. Moreover, they declared, economic arrangements would be relieved from carrying an impossible burden and the whole Island would be much better off. The only sufferers, in their opinion, would be the few settlements in the interior (other than Grand Falls and Buchans which are connected by private railways to the sea at Botwood), and the few inhabitants of these settlements could doubtless be absorbed by other settlements situated on the coast.



**Shipbuilding, Gray [sic] River, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (63 kb)

579. On the other hand, there were witnesses who, while admitting that an attractive case could be made out on paper for the closing of the railway, pointed out that the proposal omitted to take account of one, perhaps overwhelming, consideration, namely, the great difficulty of putting the clock back to the extent which so drastic a measure would involve. Furthermore, these witnesses observed, it was scarcely fair to judge the merits of the railway solely from the standpoint of its balance sheet, since there was no doubt that it had brought very considerable indirect benefits to the Exchequer, by giving employment, by opening up the interior and by facilitating the establishment of local enterprises. In the opinion of these witnesses, it was unthinkable that the main line should be closed, whatever might be decided with regard to the branch lines.

580. We ourselves are inclined to sympathise with the view that the time has come when the branch lines should be abandoned. The main line, however, comes in a different category. It is in good condition, little capital expenditure will be required over the next few years to enable it to be continued in efficient operation, and there are grounds for the belief that the railway, if not burdened with the existing branch lines, could be made to pay its way as soon as conditions in the Island show signs of recovery.

581. We consider, however, that the organisation of the railway and steamship services of the Island demands special consideration. We recommend, therefore, that an expert enquiry should be held into these services with a view particularly to the prevention of overlapping, more efficient and economical working and the readjustment of freight rates on a carefully planned and scientific basis. We feel that much could be done to encourage greater use on the part of the public of the services afforded by the railway and that by an alteration in freight rates increased traffic, leading to increased revenue, could be realised. Consideration should also be given to the question of leasing the dry dock to a private firm.

## NATURAL RESOURCES.

582. The development, and at the same time the conservation of the natural resources of the Island will be one of the main preoccupations of the new Government. We have referred in Chapter VII § to the urgent need for expert investigation into the forest resources of the Island, and we hope that no time will be lost in engaging an experienced forestry officer to report on existing conditions, both on the three-mile limit and in the interior of the Island, with a view to the elaboration of a long range policy. Only by this means can the present process of waste be checked and the inheritance of the people preserved.

583. We have also recorded our view that an inquiry should be held into the best means of promoting an increase in the Island's live stock, and an improvement in breed; an experienced agriculturalist should be engaged for this purpose. We have no doubt that under enlightened leadership the people could be encouraged to pay greater attention to the keeping of animals such as sheep, pigs and goats, as well as poultry, and that under the influence of a movement of this kind there could be, within a few years, a great improvement in the present standard of living.

584. There is, at present, no qualified geologist in the service of the Government. Excellent work has been done by a long succession of geologists from the surveys of James Beete Jukes of the University of Cambridge in 1839 to the present time. During the last three years Professor A.K. Snelgrove, Professor of Geology in Princeton University, has paid visits to the Island and made elaborate surveys, more particularly on the west coast, on behalf of that University, a work which has been much appreciated.

585. As we have pointed out in Chapter VII, Newfoundland possesses in the mine at Bell Island the largest deposit of iron ore in the Empire. There is an important lead and zinc mine at Buchans. While these are the only mines at present working, there is a coalfield, hitherto untapped, at St. George's Bay. Copper has been worked in the past and may be again. It may confidently be predicted that the mineral possibilities of the Island have by no means been exhausted. The engagement of a qualified geologist, who could investigate the prospects and advise the Government on the potentialities of the areas most likely to attract attention, is highly desirable. Such an offer might also afford useful guidance in connection with prospecting operations now being undertaken in Labrador.

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\* Chapter II, paragraph 53.

† Chapter VI, paragraph 384.

‡ See Chapter IV, paragraphs 176-183.

§ Paragraph 434.

*Image description updated May, 2004.*

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## **CHAPTER X.--SUBSIDIARY RECOMMENDATIONS.** (continued)

### **Boards and Commissions.**

586. There exists at present a number of Boards and Commissions appointed under statute for the purpose of supervising certain branches of Government activity. Some of these Boards and Commissions are composed of members of the Government and its supporters in the Legislature; on others, local interests are also represented. Examples of the former may be found in the Commissions which supervise the working of the Railway and the Post Office. The Railway Commission consists of one Member of the Government and three private Members of the House of Assembly, with the General Manager of the Railway as Secretary. The Post Office Commission is composed of three Members of the Government in addition to the Minister of Posts and Telegraphs, with the acting Deputy Minister as Secretary. An example of a Board on which local interests are represented is to be found in the Board appointed to supervise the management of the Newfoundland Hotel which consists of two Members of the Government and three Members representative of commercial interests.

587. As a result of the constitutional changes which we have recommended, Boards and Commissions composed of Governmental representatives will disappear. Those on which local interests are represented, while commendable in theory, have not in practice been found to work well. The evidence submitted to us shows that such Boards are apt to become centres of political wire-pulling, while the private individuals concerned have in some cases sought to promote their own interests, e.g., through the grant of contracts, rather than those of the undertaking which they are called upon to supervise. We consider it of great importance that the new Government should be under no restrictions in taking such steps as it may deem proper to ensure that the various branches of the public service are conducted to the national advantage, and we recommend therefore that Boards and Commissions of this type should also be wound up. In making this recommendation, we do not wish to imply that no steps should be taken by the new Government to consult local interests in matters directly affecting them. On the contrary, we have no doubt that the new Government will keep in close touch with local interests in all such matters. We consider, however, that it should be left complete freedom to determine the manner in which such consultation would best be achieved.

### **Public Health and Welfare.**

#### ADMINISTRATIVE ORGANISATION.

588. There are two Departments in Newfoundland whose task is to look after the health and welfare of the people, the Department of Public Health and the Department of Public Welfare. The Department of Public Health is responsible for the control of infectious diseases, the inspection of milk and other foods, the protection of water, sanitary inspection, the health of school children and the treatment, in hospital or otherwise, of the sick poor, including the blind, deaf and

insane, throughout the country. The Department of Public Welfare is responsible for the administration of public relief, both in St. John's and in the outports, for child welfare, for the management of the Home for the Aged and Infirm and for the administration of widows and old age pensions.

589. The two Departments are supervised by a Bureau of Health and Public Welfare, established under a comprehensive Health and Public Welfare Act passed in 1931. Up to the present, the health and welfare services of the country have not been organised in accordance with the provisions of this Act. The Bureau consists of the Secretary of State, who presides, the Minister of Justice, the Minister of Public Works, the Controller of the Treasury and the Director of Public Health.

#### STAFF.

590. The staff of the Department of Public Health in St. John's consists of the Director of Public Health, a Medical Officer of Health and Government Pathologist and Bacteriologist, two Laboratory Assistants, four Inspectors, an Accountant and two Clerks. In addition, there are 12 Medical Officers of Health distributed over the country. The Department possesses in St. John's a well-equipped laboratory in which the pathological and bacteriological work of the country is carried out. The laboratory is also used as a centre for the treatment of venereal disease in poor persons.

591. The staff of the Department of Public Health consists of a Commissioner, an Inspector and Accountant, a Cashier, a Bookkeeper and three Clerks. Under the control of the Commissioner are upwards of one hundred Relieving Officers who are responsible for the distribution of public relief both in St. John's and in the outports.

#### **St. Jacques, n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (43 kb)



#### MEDICAL SERVICES.

592. There are four Government Hospitals in St. John's--a General Hospital, a Hospital for Mental and Nervous Diseases, a Fever Hospital and a Tuberculosis Sanatorium. There is also a Home for the Aged and Infirm. In addition, there are four hospitals in the Island to which the Government make grants, the Grace Hospital in St. John's, which is subsidised in respect of poor maternity cases; the hospitals at Twillingate, known as the "Notre Dame Memorial Hospital," and at St. Anthony, both maintained by the International Grenfell Association; and a small hospital at Grand Bank. St. Clare's Hospital is operated by the Sisters of Mercy at St. John's. Hospitals are maintained by the two Paper Companies at Grand Falls and Corner Brook, primarily for the benefit of their own employees; a hospital is similarly maintained at Buchans by the Buchans Mining Company, Limited. It may thus be said that there are 12 hospitals in the Island.

593. Apart from the doctors associated with the Grenfell Hospital at St. Anthony, there are 83 doctors in Newfoundland, a decrease of nine since 1921, and a decrease of 36 since 1911. Of this number, 23 are established in St. John's and eight in the hospital towns of Twillingate, Grand Falls, Corner Brook, Buchans and Grand Bank. The remainder, all in private practice, are established in 62 of the country's 1,300 settlements. As might be expected from the distribution of the population (see Map No. 1), the majority of these are to be found on the east coast. There are indeed only 17 doctors on the whole of the south and west coasts.

594. In 1920 there was formed, under the auspices of the Government, a Committee called the "Outport Nursing Committee," which later grew into the "Newfoundland Outport Nursing and Industrial Association," or "Nonia" as it is affectionately known throughout the Island. As a result of the activities of this Association, which are carried on partly by funds raised by a devoted band of voluntary workers and partly by subscriptions from the people themselves, to all of which a small Government grant is added, nursing centres have been established from time to time in some 25 settlements not ordinarily visited by a doctor. Owing, however, to the extreme financial stringency, there are to-day only four such centres in the Island.

*Image description updated May, 2004.*

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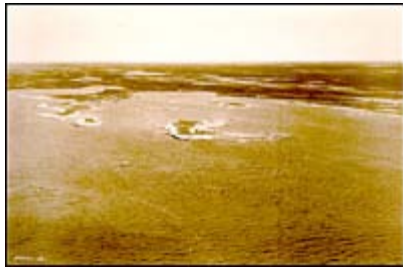
## CHAPTER X.--SUBSIDIARY RECOMMENDATIONS.

### Public Health and Welfare. (continued)

#### DEFECTS OF PRESENT SYSTEM.

595. The Public Health Services in the Island are at present in a transitional stage, the reorganisation first contemplated in 1931 having been held up by lack of funds. It is not surprising, therefore, that the present system should be defective in many respects. A general survey discloses the following weaknesses, which any new Government should seek to remedy:--

- (1) An overlapping of services in St. John's.
- (2) The absence of a preventative Public Health Service.
- (3) The lack of adequate medical facilities in the Outports.
- (4) The decline in the number of nursing centres in the Outports.



**Nameless Cove, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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As regards the first of these defects, we understand that the Government already have in view plans of reorganisation which will enable better service to be rendered to the community at less cost than that at present incurred. We consider that the execution of these plans should be put in hand without delay.

#### *Absence of Preventative Public Health Service.*

596. The second defect is less easy to overcome since, as a result of a lack not merely of funds but of trained personnel, the institution of a Preventative Public Health Service can only be accomplished step by step, the staff being built up gradually after training abroad. Plans should be worked out with this object in view, and should be put into force by stages as the personnel is available. The existing Medical Officers of Health, of whom there are 12, conduct private practices in addition to their official duties. These officers, if funds were available to employ them on a whole-time basis, would doubtless form a valuable nucleus for a Preventative Public Health Service.

#### *Medical Facilities.*

597. Meanwhile, there are other directions in which the means of medical advice available to the people can be improved. The shortage of doctors in the



outports is most marked. Many doctors have practices extending over 50-100 miles of coast; travelling facilities, except by schooner, are limited, and in the winter months many places are ice-bound and scarcely accessible even from the land. On one stretch of the south coast, from Hermitage to Port-aux-Basques, there is no doctor or nurse for 150 miles. On this part of the coast the inhabitants, who number 6,500, have little hope of obtaining medical aid in the case of accident or sudden emergency.

598. The procedure now adopted in the outports in cases of applications for free medical assistance is that a person, acting on behalf of the patient, should get in touch with the nearest doctor, who may be many miles distant, explain the circumstances to him, and assist in some cases in conveying him to the settlement where the patient lies. The doctor then gives treatment and advice and finally makes out an account for his services which the patient, or a person acting in his behalf, takes to the nearest Relieving Officer, adding to it any incidental expenses incurred. The latter then submits the account, with an affidavit relating to the applicant's circumstances, to the Department of Public Welfare. The Department, after scrutinising the account, either pays it in full or decides what proportion of it should be borne by public funds, and what proportion the applicant is capable of bearing himself. The doctor's fee is normally calculated on a prescribed scale.

599. This system may perhaps be the best that can at present be devised, but it can hardly be doubted that in the more remote localities a regular system of inspection by Government Health Officers would be more effective. As has been indicated, the number of doctors has decreased by 36, or about 25 per cent., since 1911, one of the difficulties being that, owing to the conditions of poverty in which most of the people live, a doctor, however much in demand, cannot always be assured of obtaining a livelihood from his practice. The Government have endeavoured to meet this difficulty by appointing doctors to magisterial posts in various parts of the Island on conditions which enable them to conduct a medical practice in addition to fulfilling their duties as magistrates. This arrangement has worked well, and is being extended.

600. Patients who are certified by doctors to require hospital treatment are conveyed to the nearest hospital, often 100-200 miles away, and while in hospital, unless their means are such that they can afford to pay the whole or part of the expenses, are given free treatment. The twelve hospitals in the Island, of which six are in St. John's, are generally well-equipped and managed, but in view of the distances which patients have to travel there is room in many parts of the coast for the establishment of small hospitals of the "Cottage Hospital" type. Much useful work could also be done by means of travelling clinics.

#### *Nursing Centres.*

601. The present system under which "Nonia" nurses are appointed in the outports is based on the salutary doctrine of self-help, that is to say, while the Government makes an annual grant towards the expenses of the Nursing Association, which in turn contributes towards the salary of each nurse, the greater part of a nurses emoluments is expected to be provided by the people of the settlement or district in which she lives and works. The procedure is that a settlement or district requiring the services of a nurse is requested to form a local committee, which undertakes to collect a specified annual amount towards the

nurse's salary. On receipt of this assurance, steps are taken by the Association to engage a nurse and appoint her to the district concerned, the remainder of the emolument being provided from the funds of the Association. The nurses engaged by the Association are recruited from the United Kingdom, through the good offices of the Overseas Nursing Association in London; their engagements are usually for two years at a time.

602. As originally conceived, the plan underlying the activities of the Association was two-fold, (1) the provision of badly-needed nursing facilities; (2) the development of home industries. It was recognised that many places where nurses were most needed would be too poor to make a contribution to a nurse's salary: in such cases it was hoped that by encouraging and providing facilities for the development of home industries, such as spinning and weaving, the people's earnings could be so improved that they would be able to support a nurse out of the returns from these industries.

603. Unfortunately, the plan has not, in practice, operated in this manner. The places to which nurses have been appointed have not taken to home industries; those which have taken to home industries have not desired the appointment of a nurse. The result has been that in those places where a nurse has been appointed there has been no increase in the earning power of the people, which would assist them in contributing towards her salary; on the contrary, their earning power has shown a progressive decline consequential on the depression of the fishing industry, until to-day the number of nursing centres in the Island has been reduced from 25 to four. Bearing in mind the conditions of distress in which many of the people are now living, it would be altogether too much to expect that they should be able to make a direct contribution towards the salary of a nurse.

604. It will thus be seen that, on the present basis, the system works paradoxically. That is to say, in proportion as the living conditions of the people deteriorate and they become the more likely to fall victims to illness, the less becomes their prospect of obtaining the services of a nurse. When their conditions improve and they can afford to contribute towards a nurse's salary, the hour of their greatest need will be past.

605. We have already indicated elsewhere our serious apprehension that the health of the people, formerly good, is in many parts of the Island being seriously undermined by the conditions which they are now called upon to endure after four successive years of adversity. Urgent action is needed if the process is to be checked, and we trust that the subject will engage the earnest attention of the new Government.

606. In saying this, we are far from seeking to belittle the work done by the Association since it was first established over 10 years ago. On the contrary, we have nothing but admiration for the untiring energy and devotion with which a small band of voluntary workers, principally in St. John's, have sought, by all the means in their power, to further the interests of their less fortunate compatriots in the outports. We would hope that the industrial side of the Association will be kept in being. There exists a very real need for the promotion of home industries on the lines of those carried out, e.g., in Scotland, and in this, and in voluntary aid in the provision of clothing, so urgently required in many parts of the Island, we feel sure that there will be a wide scope for the charitable activities of those who have rendered such devoted service to the

cause of the Nursing Association.

607. There is one further aspect of the Public Health organisation to which we wish to refer. The present Child Welfare Service is another service which is managed by voluntary effort with Government assistance, and we trust that it will also receive the attention of the new Government.

*Image description updated May, 2004.*

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## CHAPTER X.--SUBSIDIARY RECOMMENDATIONS. (continued)

### St. John's City.

608. The first Municipal Council for St. John's was created in 1888. In 1921 the Municipal Acts were amended and consolidated by the St. John's Municipal Acts, 1921, commonly known as the City Charter. Amendments to this Act were made by Acts of 1931 and 1932. The constitution of the Council and the qualifications for the franchise are explained in Chapter II.\* The quadrennial elections are being held this autumn.

#### The Battery, St. John's, n.d.

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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609. The revenue of the Council for 1932 was \$458,963. Expenditure amounted to \$416,249, thus leaving a surplus of revenue over expenditure of \$42,714. The Council's estimates for 1933 have been drawn up on the basis that revenue and expenditure will balance at \$537,650. The increase in the revenue estimate is due to the expectation that an additional \$80,000 will be provided by the biennial revision of appraisements which is being undertaken this year. The increase in the expenditure estimate is due to the necessity for repaying out of current revenue part of a bank advance of \$100,000 obtained in 1932. In existing circumstances, this is a feat which seems unlikely to be achieved except by means of a further advance.

610. The Council has no power to raise loans except with the approval of the Government and Legislature. The public debt of the City, including floating bank loans to the amount of \$544,428, guaranteed by the Government, now stands at \$2,350,314, with yearly interest charges of \$118,818, or roughly 20 per cent. of the Council's revenue. Of this total, \$1,648,904 has been advanced to the Council by the Government from loans which the Government itself has raised. A detailed statement of the public debt, together with the Council's estimates of revenue and expenditure for 1933 and the balance sheet as at 31st December, 1932, are reproduced in Appendix N.

611. The Council's main activities lie in the control of the water supply and sewerage systems, the repairing of streets, the upkeep of the Cleansing or Sanitary Department and the maintenance of public parks. Public utilities, such as the tramway, electric light and telephone services, are in private ownership.

612. Water is supplied by gravitation from Windsor Lake, 4½ miles from the City. The watershed is six square miles in area and the system has a capacity of 9,000,000 gallons a day. There are 38½ miles of mains and water is distributed to about 6,500 families, the daily consumption of water being from 6,500,000 to

7,000,000 gallons. The sewerage system of the City has been much improved of recent years, but there are still a number of houses without sanitary appliances from which night soil has to be collected in carts. A system of payment by instalments has been introduced in order to encourage those in poor circumstances to make the necessary installations, with the result that 456 such installations have been made since 1930. There are 48 miles of streets of which  $2\frac{3}{4}$  miles are paved: the remainder are mostly macadam. The public parks include a spacious and attractively laid out park which was vested in the citizens of St. John's by its donors, the Bowring family, and is known as Bowring Park. Its yearly upkeep costs \$10,000, of which, until 1932, \$5,000 was contributed by the Government.

613. The Council, for the first time in 31 years, failed in 1932 to meet the interest charges on the debt due to the Government, but this was largely attributable to the withdrawal of various Government grants and to the annexation by the Government of certain sources of the City's revenue. It should be borne in mind, however, that these interest obligations properly constitute the first charge on the revenue of the City. The Council is in urgent need of funds for capital expenditure, primarily for the extension of the water supply and sewerage systems at an estimated cost of \$250,000 and \$82,000 respectively. It is also anxious to proceed with the widening and improvement of certain streets at a cost of \$73,000. An attempt was made last year, with legislative sanction, to raise the necessary money by means of a local issue of \$500,000 6 per cent. 25 year bonds, and certain preliminary work was undertaken in anticipation that the loan would be fully subscribed. Unfortunately, however, the issue failed to arouse the interest of the public and only \$76,000 had been subscribed by the end of June, 1933. The failure of the issue has, in consequence, thrown a heavy burden on the Council's revenue and the present position cannot be regarded as satisfactory.

614. It appears from the report of the Deputy-Comptroller and Auditor-General on the accounts of the City for 1932 that the rental values on which the City Tax is based† are in many cases anomalous. This weakness will, it is hoped, be corrected by the revision of appraisements to which reference has been made. Abatements of 10 per cent. are allowed if assessments are paid promptly; even so, however, sums amounting to \$199,875 were outstanding at the end of last year against which a reserve of \$128,500 for uncollectable taxes had been set up. We understand that a new practice was instituted in 1932 under which the collection of amounts in arrear for more than six months is entrusted to a firm of solicitors, the collection of amounts less than six months in arrear being undertaken by officers of the Council. It is hoped that this practice will result in a substantial decrease in the sums outstanding. We fully recognise that in these times of depression there must be a number of cases in which difficulty will be experienced in collecting the amounts due from those who benefit by the City's services, but we have reason to believe that there are cases in which a stronger attitude on the part of the Council would be effective, and we consider that, in view of the financial position in which the Council now finds itself, energetic steps should be taken to insist on prompt payment in all but the limited number of cases in which it can be shown that such action would give rise to genuine hardship.

615. The failure of the loan issue of last year is particularly unfortunate in that, in our view, capital expended in certain improvements in St. John's would prove a remunerative investment. As can well be imagined, the City, with its long

history as a seaport and its slow growth through the centuries, has never been the subject of any comprehensive town-planning scheme. After the great fire of 1892, which destroyed three-quarters of St. John's, the commercial quarter was, to a great extent, rebuilt on modern lines, with brick and stone instead of wood, but for the most part the City sprang up again much as it had been before, while the establishment on the outskirts of colonies of squatters who had lost their homes provided the authorities with a special problem which has become annually more acute. A Town-planning Commission, constituted by statute in 1931, has been investigating schemes for removing some 1,000 families in the centre of the town and establishing them in specially planned settlements outside the City limits, thus enabling what is now a congested slum to be rebuilt and converted into stores, shops and offices. Advice has been sought from housing experts in Canada but the Commission has been held up by lack of funds. Had funds been available, the present would have been an opportune time for such an undertaking, since the value of house property has fallen and prices are low: the work would, moreover, have given much needed employment. As matters stand, however, we can only recommend that the question should be reviewed as opportunity offers, and that in the meantime a general plan of development should be prepared covering not only the City itself but the neighbouring area which is also within the Commission's purview. It would, in our view, be reasonable, in view of the special importance of St. John's as the capital of the Island, that the Council should not be called upon to bear the entire cost of such a town planning scheme, which might properly be shared between the Council and the Government.

616. We have drawn attention in Chapter VI to the decline in activity in St. John's as a result of the substitution of steam for sail in the carrying of fish to foreign markets, and of the displacement of the local carrying fleet by foreign vessels, specially chartered for the purpose. It is our hope that, as a result of the enquiry which we have recommended, a practical scheme may be devised for encouraging the gradual formation of local mercantile marine. Should this prove possible, a great stimulus will be given to local enterprise and St. John's will regain in full measure the vitality formerly associated with the capital. In the meantime, the number of unemployed, estimated at about 2,000, for whom little or no work can be found in the City, combined with the uneconomic conditions in which the longshoremen in particular elect to work, cannot but give rise to anxiety. Many of these men, we understand, would prefer to return to their homes in the outports but cannot afford to do so; in such cases, we consider that the Government would be well advised to assist men to return to their homes, where there would be greater prospect of their becoming self-supporting, rather than they should remain idle in St. John's with little or no hope of employment and in danger of becoming a permanent charge on public funds.

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\* Paragraph 53.

† The City Tax is based on rental values of about \$2,069,000, on which 16 per cent. is charged, a reduction of 10 per cent. being given when paid within 30 days. On stocks of goods held, valued on the average at about \$7,000,000, a tax of one-quarter of 1 per cent. is made, a reduction of 10 per cent. also being given when paid within 30 days.

*Image description updated May, 2004.*



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## **CHAPTER X.--SUBSIDIARY RECOMMENDATIONS.** (continued)

### **Municipal Government.**

617. Outside St. John's, there is at present no municipal government in the Island. This is, perhaps, not surprising, since none of the 1,300 settlements outside the capital has a population of more than 5,000, while the average population of each settlement is 180. But the absence of any form of municipal government and the conduct of the entire administration of the country from St. John's, which is itself to a large extent out of touch with the outports, have had an unfortunate effect upon the people in retarding the development of a public spirit and a sense of civic responsibility. Taxation, so far as the great majority of the people are concerned, is entirely indirect. It is paid in Customs duties which are passed on to the consumer in the prices charged for the goods he buys. If prices are high, this is attributed to the machinations of the merchant or storekeeper. The effect of a high tariff is not appreciated. Freedom from any requirement to make a direct contribution to the expenses of administration produces in the average man an indifference to waste and extravagance; while the spectacle of that waste and extravagance has encouraged in him the belief that the resources of the Government are limitless and questionable, to promote his personal advantage at the expense of the public purse and therefore (though this is not realised) of his fellow citizens. The formation of municipal Governments in the more important outports, under proper control and with the proper safeguards, would do much to induce a sense of responsibility in those called upon to contribute towards the expenses of such governments. The effects of extravagance would be brought directly home to them. It would be easy to draw the parallel between municipal and national administration, and those who had had experience of the direct relation between municipal expenses and their own pockets would be given a new sense of the value of public money. If such steps in the field of municipal government could proceed hand in hand with the gradual suppression of the credit system,\* we would look forward with confidence to the development of a new corporate spirit, which would not only ease the problems of administration and carry with it all the advantages of teamwork as opposed to individual effort, but would also result in the general advancement of the people to a level far removed from the conditions of the past.

618. With these considerations in mind we are glad to note that an Act was passed during the last Session of the Newfoundland Legislature authorising, at the option of the inhabitants, the formation of municipalities in settlements with a minimum population of 1,000. Owing doubtless to the present distressed conditions, no advantage has yet been taken of this enactment. Exemption has, moreover, been granted to certain towns, such as those which have grown up round the Paper Mills at Grand Falls and Corner Brook, where special circumstances exist. We hope, however, that in other places steps will be taken to form municipalities as times improve, and we recommend that the new Government should do all in their power to encourage such a movement.

### **Police and Game Wardens**



619. We have outlined in Chapter VII proposals by means of which large stretches of the interior of the Island at present lying idle might be brought into remunerative use. We refer to our proposals for the raising of fur-bearing animals. Should these commend themselves to the new Government, it will be necessary to recruit a new force of game wardens to ensure the protection of the animals and to assist in the execution of any scheme for their utilisation which may ultimately be adopted. We have suggested that the force should be modelled on the Royal Canadian Mounted Police which control large stretches of similar territory in Canada.

620. Should such a body be formed on the lines we recommend, it might be practicable to assign to it other duties than those of game wardens. In the North-West territories of Canada, for instance, the Royal Canadian Mounted Police enforce all criminal and federal statutes, as well as those of the North-West Territories Council. The force perform a considerable number of administrative duties, collect revenue for the Customs Department, the Department of the Interior and other Federal Departments, issue Game Animal and Game Bird Licences, Walrus Licences, and the Wolf and Coyote Bounty, collect Fur Export tax, Timber Dues and Income Tax, attend to Vital Statistics, investigate applications for naturalisation, assist in obtaining meteorological information, and enforce the North West Game Act and the regulations regarding dogs. They also see to the ordinances relating to scientists and explorers, and the regulations regarding the large areas known as "Preserves" which are set aside for the benefit of Indians and Eskimos. A Commissioned Officer or Non-Commissioned Officer at any detachment may hold the following appointments: Justice of the Peace, Deputy Sheriff, Coroner, Mining Recorder, Registrar of Vital Statistics, Postmaster, Collector of Customs, Commissioner for taking Affidavits, Acting Indian Agent, Officer for receiving applications for naturalisation, Collector of Income Tax, Inspector of Explosives, Game Officer, etc.



**The famous Button Island in Hudson Strait, Northwest Territories, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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621. The North West Territories of Canada cover an area of 1,309,000 square miles. In this area there are 24 Divisional Posts and detachments of the Royal Canadian Mounted Police, with a total complement of 100 Officers, Non-Commissioned Officers and men. For the much smaller area which the interior of Newfoundland comprises, a force of 30-40 should be ample. Such a force, once organised and operating effectively, might, on the analogy of the Royal Canadian Mounted Police, eventually take over all public work not only in the interior but in the outports as well, might collect the Customs and other revenue at all but the most important ports, might act as the representatives of the various Departments of Government, might assist in the working of the Post Office and the Railway, and generally might undertake duties, excluding those assigned to the Magistrates and Fishery Inspectors, which are at present distributed among a number of minor officials. On this basis, the establishment of such a force might

also operate in Labrador.

### **Establishment of Royal Naval Volunteer Reserve.**

622. Newfoundlanders, with their long maritime history, are commonly classed among the best natural sailors in the world. For upwards of two hundred years prior to the War, as we have indicated in Chapter V,<sup>†</sup> the Island formed a valuable recruiting ground for the Royal Navy. Towards the end of this period a branch of the Royal Naval Reserve was formed at St. John's, and we have recounted in Chapter III<sup>‡</sup> how abundantly the value of this force was demonstrated in the years 1914-18. For reasons of economy, the branch was discontinued after the War.

623. It is not our purpose to stress here the services rendered by members of this force during the War, since these are assured of permanent record in the annals of the Fleet. But we would wish to emphasise the value of such a force to the Island itself. Through the medium of a training ship stationed at St. John's, relays of men from almost every settlement in the Island were put through a course of naval training and discipline and given instruction in their period of training, men returned to their homes with a new and wider outlook, a new sense of self-respect and self-reliance and a new pride in the Empire of which they were citizens. The influence which, consciously or subconsciously, would be exercised by such men on their fellows in the outports can well be appreciated. They were well equipped to act as leaders in their small communities, and, as a result of the high standards and sense of responsibility which naval training induced, the beneficial effect of the example which they set was felt throughout the Island.

624. Now that the people of Newfoundland have sunk to so low a condition, we cannot but think that it would be of the utmost value if such a force could be re-established. We recognise that, owing to changed world conditions, it may not be regarded as practicable to reinstitute the branch of the Royal Naval Volunteer Reserve. We earnestly hope that arrangements to this end may be made and we further recommend that consideration should be given to the stationing of one of Your Majesty's Ships in Newfoundland during the summer months, say from June to October. If a local branch of the Royal Naval Volunteer Reserve were established, training classes could doubtless be held on board for, say a fortnight at a time; while the services of such a vessel, both in carrying out an annual cruise in Newfoundland waters and in enabling His Excellency to make more frequent visits to outlying places, would be of the greatest possible advantage.

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\* See recommendations in Chapter VI, paragraph 359.

† Paragraph 202.

‡ Paragraphs 113-115.

*Image description updated May, 2004.*

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## **CHAPTER X.--SUBSIDIARY RECOMMENDATIONS.** (continued)

### **Need for Statistical Service.**

625. One of the matters which we commend to the attention of the new Government is the need for the collection of full and accurate statistics relating to every branch of the Island's life. Such statistics are essential to the formulation of policy and are the stock-in-trade of modern administration. No Government can afford to dispense with them.

626. The statistics at present available, apart from the Customs Returns which are full and excellent, are largely based on estimates which may or may not be accurate. No census has been taken since 1921 and, in many matters in which accurate information is essential to a full understanding of conditions in the country, guesswork has perforce to be substituted.

627. We fully appreciate the difficulty of collecting accurate statistics in a country in which a small population is scattered over so lengthy a coastline, but we have reason to believe that the present arrangements could be greatly improved without much additional expense. We recommend that, with this object in view, steps should be taken to establish a liaison with the Department of Statistics at Ottawa, whose great experience both in the collection of statistics and in their presentation in proper form would, we feel sure, be of the utmost value to Newfoundland. With the expert guidance thus available, much useful information could be prepared for the benefit not merely of the new Government but of the public at large.

### **Need for Public Libraries in the Island.**

628. We were much surprised, on our arrival at St. John's, to find that there was no public library in the capital. The need for such a library need not be stressed. The provision of a public library is wholly beyond the immediate resources of the Government, nor could we expect that an appeal for subscriptions for this purpose could be launched with success at the present time. We understand, however, that one of the great foundations in the United States has declared its readiness to participate in a scheme for the establishment of a library, and we hope that full advantage will be taken of this munificent gesture.

629. We think it important also that public libraries should be established in the larger outports as opportunity offers. We are glad to know that some progress has recently been made in the establishment of travelling subscription libraries, and we hope that arrangements of this nature will be extended and developed at a cost which will bring books and periodicals constantly within the range of all classes of the community.

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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### **General.**

630. The objectives of the new Government will be two-fold, (1) immediate, (2) such as can only be attained over a period of years. The immediate objective must be to rescue the country from the peril of collapse which now threatens to overwhelm it, to check the process of deterioration, to instil new heart and confidence in the people and to bring about conditions in which, provided that they play their part, they will be assured at least of earning a livelihood. When the first objective has been achieved, the next objective must be the formulation of a long-range plan, based on an exhaustive study of local conditions, past and present, and calculated so to strengthen the economic position of the Island, by the creation and development of new sources of wealth, as to prevent the recurrence, at least in such extreme form, of those periodical visitations of pauperism and distress which have been so marked a feature of its history.

631. So far as the immediate objective is concerned, we have not concealed our view that the people in certain parts of the country are now living in conditions of such extreme misery and want that there can be little hope of restoring them to useful activity unless they are first assured of essential food and clothing and enabled to recover their vitality. The distribution of such supplies must inevitably throw a great burden on the shoulders of the less unfortunate members of the community, and care must be taken that such relief measures as may be adopted do not wear the same aspect of paternalism as those adopted in the past. What is needed is the inculcation of a new morale and a new spirit of self-reliance; it would indeed only intensify the difficulties of the country if the restoration of the physical condition of the people were to be unaccompanied by a change in mental outlook, and if, as a result of past experience, they were to continue in the belief that it was the duty of the Government to satisfy their wants, without any corresponding exertion on their own part. The obligation to provide for themselves and to assist one another in raising the general level of the community must be firmly impressed upon them.

632. We have already indicated that it is in the revival of the fisheries that the chief hope of the country lies and that it is to this end that the energies of all classes of the community should be devoted. It is our firm conviction that the fisheries can not only be made remunerative both to the fisherman and the exporter, even in the present depressed conditions of foreign markets, but can become, with an improvement in those conditions, an increasing source of wealth to the country. It is our hope that the series of recommendations which we have made in Chapter VI will give the country a lead towards the rehabilitation of its primary industry on modern lines, and thus enable a new level of general well-being to be achieved.

633. In the realisation of the second objective, we recognise that the new

Government will be faced with a difficult and complex task. We feel sure, however, that by the mobilisation and intelligent management of the resources of the country, the prevention of waste, the reorganisation of the public services, the encouragement of new developments which will conserve rather than dissipate the natural assets of the Island, the initiation of a fur-bearing industry on a comprehensive scale, the lowering of unduly high customs duties and the termination of uneconomic enterprise, the task before them will be found possible of accomplishment. Much will depend in the first instance on the recommendations of the expert advisers whose assistance we have suggested should be invoked in various subjects, such as Forestry, Agriculture, Geology, and the Railway and Transport services of the Island, as well as on developments in the fields of Education and Public Health. Subject to the reports made by these experts, to the success of the initial steps taken in rescuing the people from their present hopelessness, and to such measures as may suggest themselves to the new Government after a close survey of conditions in the Island, we consider that the new Administration should aim at the formation of a plan, extending over a period of years, which will not merely consolidate the progress achieved under its direction but will lay the foundations for the gradual building up of an economic structure which will be more solid and durable and less open to sudden damage than that under which the country has so far lived, and which it has so often, but by misguided measures and in vain, sought to strengthen.

*Image description updated May, 2004.*

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## **CHAPTER XI.--SUMMARY OF RECOMMENDATIONS.**

### **A. Main Recommendations.**

634.--(1) The requirements of the Island are two-fold, financial and political. Newfoundland is in extreme financial difficulties; the present burden of the public debt is wholly beyond the country's capacity and it is essential that it should be lightened if the Island is to be saved from the imminent peril of financial collapse. (As regards the financial position, see summary of conclusions in paragraph 195.)

(2) On the other hand, measures designed to alleviate the present burden of public indebtedness would not, in themselves, provide a solution of the Island's difficulties, since those difficulties are largely due to the reckless waste and extravagance, and to the absence of constructive and efficient administration, engendered by a political system which for a generation has been abused and exploited for personal or party ends. A complementary requirement, therefore, to measures of financial relief is that the present form of government should be temporarily modified in such a way as would serve not merely to check the unfortunate tendencies to which the present system has given rise but also to promote the rehabilitation of the Island on sound principles (paragraph 545).

(3) It is essential, if this object is to be achieved, that the country should be given a rest from party politics for a period of years, and we have no hesitation in saying that, in the circumstances now prevailing in Newfoundland, the proposal that a system of "Commission by Government" should be established for a limited period affords the best means of enabling the Island to make a speedy and effective recovery from its present difficulties (paragraph 557).

(4) We therefore recommend that the Newfoundland Government, recognising that it is impossible for the Island to surmount unaided the unprecedented difficulties that now confront it, should make an immediate appeal for the sympathetic co-operation of Your Majesty's Government in the United Kingdom in the adoption and execution of a joint plan of reconstruction, of which the following would be the main features:--

(a) The existing form of government would be suspended until such time as the Island may become self-supporting.

(b) A special Commission of Government would be created which would be presided over by His Excellency the Governor, would be vested with full legislative and executive authority, and would take the place of the existing Legislature and Executive Council.

(c) The Commission of Government would be composed of six members, exclusive of the Governor, three of whom would be drawn from Newfoundland and three from the United Kingdom.

(d) The Government Departments in the Island would be divided into six groups. Each group would be placed in the charge of a Member of the Commission of Government, who would be responsible for the efficient working of the Departments in the group, and the Commission would be collectively responsible for the several Departments.

(e) The proceedings of the Commission of Government would be subject to supervisory control by Your Majesty's Government in the United Kingdom, and the Governor-in-Commission would be responsible to the Secretary of State for Dominion Affairs in the United Kingdom for the good government of the Island.

(f) Your Majesty's Government in the United Kingdom would, for their part, assume general responsibility for the finances of the Island until such time as it may become self-supporting again, and would, in particular, make such arrangements as may be deemed just and practicable with a view to securing to Newfoundland a reduction in the present burden of the public debt.

(g) It would be understood that, as soon as the Island's difficulties are overcome and the country is again self-supporting, responsible government, on request from the people of Newfoundland, would be restored.

(h) The appropriate procedure for bringing a joint plan of this character into operation would, we suggest, be the submission of an Address to Your Majesty by both Houses of the Newfoundland Parliament, followed by legislation in the United Kingdom.

For details of our proposals, reference is invited to paragraphs 558-561.

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## CHAPTER XI.--SUMMARY OF RECOMMENDATIONS.

### B. Subsidiary Recommendations.

#### CHAPTER IV.--THE FINANCIAL POSITION.

(5) It would be of benefit to the community if the internal loan of \$2,500,000 raised in 1932, and secured on the Petroleum Products Fund, could be paid off (paragraphs 140-142).

(6) The present tariff is unscientific, excessively complicated, presses too hardly on the poorer classes, and urgently needs readjustment (paragraph 159).

(7) Adjustments are needed in the salaries of Judges, Civil Servants and Government employees (paragraph 173).

(8) As soon as circumstances permit, the opportunity should be taken to restore, in part at least, the cuts which have been made in war pensions (paragraph 174).

(9) An increase in the Government grant towards the maintenance of the Island's educational services is, in our view, urgently called for (paragraph 175).

#### CHAPTER VI.--THE FISHERIES.

##### *The Seal Fishery.*

(10) Conditions in the seal herds might form a suitable subject of investigation by a University expedition (paragraph 251).

##### *The Cod Fishery.*

(11) The cod fishery has always been, and must continue to be, the mainstay of the Island. It is capable of great development but has stagnated, if indeed it has not declined, whereas the fishing industries of Norway and Iceland, Newfoundland's chief competitors in the markets of the world, have achieved a record of continuous progress. The fishing industry has now fallen on such evil days that urgent action is needed for its revival.

(12) The chief defects of the present system are:--

(a) The industry is conducted locally on a credit instead of a cash basis. The credit system is nothing more or less than a truck system which fosters inefficiency and laxity, raises prices of essential commodities, lowers the standard of living, keeps the fisherman in a condition bordering on servitude, and reacts to the ultimate disadvantage of the merchants themselves (paragraphs 270-280 and paragraph 307).

(b) Control of the fisheries has been political, involving periodic reversals of policy, lack of continuity, absence of expert service (nearly all appointments being political, without reference to merit), and the patronage of certain business firms in disregard of the just



requirements of others (paragraph 302).

(c) There is an entire absence of organisation or large scale co-operative effort, the merchants or exporters conducting their business on a basis of pure individualism without regard to the true interests of the country or of the industry itself. Energies have been dissipated in internal jealousies and intrigue; haphazard and hand to mouth methods, a scramble for quick profits even at the risk of spoiling the market, and an indifference to the success of foreign rivals and even to the welfare of the local fishermen, remain, in spite of repeated warnings, the chief characteristics of the present system (paragraphs 286-290).

(13) As a result of a succession of seasons since 1930 in which the industry has been conducted at a loss, the condition of the fishermen is now desperate, while the merchants also have suffered severely. If the present system continues unchecked and prices in foreign markets fail to recover to a remunerative level, there will be a general collapse. The rehabilitation of the fishery, essential as it is to the recovery of the Island, is of immediate and capital importance and must be the first objective of the new Government (paragraphs 274 and 362).

(14) We have made a series of recommendations to this end (section IV of Chapter VI) of which the following are the main features:--

#### *Administrative Control.*

(a) A scheme for the reorganisation of the fishery administration, the country being divided into eleven districts, each in charge of a District Fishery Officer, the latter being responsible to a Chief Fishery Officer at St. John's, who in turn would be responsible to the Head of the Fisheries Bureau of the Department of Natural Resources (paragraphs 351-356).

(b) On the administrative side of the Fisheries Bureau, the Commissioner in charge of the Department would work through a permanent administrative secretary and would have at call advisers expert in the various branches of the fisheries. The functions of the existing Salt Codfish Exportation Board would be assumed by the Bureau. On the scientific side, the Commissioner would be assisted by the Director of the Fishery Research Laboratory at Bay Bulls, this institution becoming a permanent part of the governmental machinery dealing with the fisheries (paragraphs 348-349).

(c) The Fishery Research Commission would be abolished and a new Fisheries Advisory Board would be set up (paragraph 357).

(d) Two officials would be appointed as Inspectors of Markets in Europe, with headquarters at Oporto and Genoa respectively, and a third, possibly, as Inspector of Markets in South America (paragraph 350). These officials would be responsible to the Commissioner.

(e) The Commissioner would also be Chairman of a Committee for the control of shipments of fish from Newfoundland (paragraph 381).

#### *Commercial Control.*

(f) Action should be taken to retire the credit system by stages, and, as a beginning, regulations should be issued providing that in 1934

no merchant shall purchase fish from the fishermen without a minimum cash payment of 20 per cent of its value. Consideration should also be given to the question of establishing auctions for fish on specified days in St. John's and one or two chief centres (paragraph 350-360).

(g) The formation of Fishermen's Mutual Societies should be encouraged but under appropriate safeguards (paragraph 361).

#### *Methods.*

(h) What is most needed in Newfoundland is the resuscitation first of the deep-sea fishery, and secondly of the fall fishery, thus adding four months to the intensive fishing season which at present lasts only from June to September (paragraph 362). Schemes for both these objects, and for the concurrent development of subsidiary products, have been prepared (paragraphs 364-378) and are recommended for the consideration of the new Government.

#### *General.*

(i) Recommendations are made with regard to the need for improved apparatus in the outports, the inspection of fish premises, an enquiry into the possibility of building up of a local carrying fleet, the need for statistics, the provision of organised education in fishery matters, and the launching of a national campaign for the rehabilitation of the fishing industry (paragraphs 379-385).

#### **Witless Bay (Southern Shore), n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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#### *Other Fisheries.*

(j) Provision for experiments in the production of canned products with a view to the establishment of a canning industry, and in the manufacture of fishmeal, has been included in the schemes referred to above (paragraph 370). There would seem to be an opening for the canning of salmon in the north of the Island and possibly also in Labrador (paragraph 331).

(k) Lobsters have been over-fished. A temporary suspension of operations, or at least some measure of restriction, is essential (paragraph 333).

(l) Greater use could be made of herring, both for bait and for local consumption (paragraphs 335-336).

(m) There are openings for the use of caplin not yet developed, (i) in the dried form, for export abroad, e.g., to the West Indies, (ii) in the

canned form, principally for local consumption, (iii) for fishmeal (paragraphs 337-339).

(n) A local market might be developed for smoked "turbot" or Greenland halibut (paragraph 342).

*Image description updated May, 2004.*

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## CHAPTER XI.--SUMMARY OF RECOMMENDATIONS.

### B. Subsidiary Recommendations. (continued)

#### CHAPTER VII.--PROSPECTS FOR THE IMMEDIATE FUTURE.

##### *Undeveloped and unworked lands.*

(15) All lands, however held and whether situated in Newfoundland or Labrador, should, if not worked, be subject to an annual tax of so much per acre (paragraph 425). A substantial part of the proceeds of such tax should be devoted to the improvement and amplification of the existing fire-control service, to the supervision of the cutting of timber in forest lands and wood lands, and to replanting waste lands (paragraph 427).

##### *Need for expert advice in forestry matters.*

(16) Early steps should be taken by the Newfoundland Government to engage the services of an experienced Forestry Officer, who might first conduct a survey of all forest areas not under the control of the two Paper Companies and advise as to the best methods of conserving the timber supply in those areas, of reorganising the fire-control service, and generally of recasting the administration of the forests on modern lines. The officer so engaged should later be given an opportunity of inspecting the forest areas under the control of the two Paper Companies and of assuring himself that conditions in such areas fulfil the requirements of modern forestry practice (paragraph 434).

##### *Newfoundland iron-ore.*

(17) Pending the conclusion of a permanent arrangement between the interests concerned for the importation of Newfoundland iron-ore into the United Kingdom, an extension of the present practice, whereby some small shipments of ore have been consigned to the United Kingdom on a barter basis in return for coal, would be of mutual benefit to the two countries (paragraph 445).

##### *Need for promoting an increase in the Island's livestock.*

(18) An expert advisor should be specially engaged at an early date to report on the methods by which an increase in the country's live stock could best be brought about (paragraph 476).

##### *Opportunity for establishment of jam-making industry.*

(19) There would seem to be opportunity for the establishment in Newfoundland of a jam-making industry on a large scale (paragraph 483).

*Proposals for creation of new fur industry.*

(20) Special attention should be directed towards the creation of a new industry for which conditions in Newfoundland and Labrador are ideally suited, viz., the raising of fur-bearing animals, and the initiation of an adequate system of protection should be undertaken without delay (paragraphs 484-491 and 528). The first step would be to obtain expert advice from, e.g., Canada, as to how such a system might best be fostered and developed. The next step would be to arrange for the establishment of the new body of Game Wardens, which would doubtless be required for its execution. This body might be organised on similar lines to the Royal Canadian Mounted Police, which performs similar services in the hinterland of Canada, and it is recommended that, when this stage is reached, the Commandant of the Royal Canadian Mounted Police should be consulted with a view to the secondment of a few trained members of that force who would assist in the training of the Newfoundland body (paragraph 490).

*Aviation.*

(21) A policy encouraging the use of aircraft for internal communication would bring results which would amply repay any expense involved (paragraph 497).

CHAPTER VIII.--ALTERNATIVE COURSES OF ACTION.

*Future of Labrador.*

(22) Possibly the most helpful suggestion as to the future of Labrador is that the territory should be placed under a trading company operating under charter of other authority. Failing the establishment of such a company, Newfoundland should retain the territory and administer it (paragraph 528).

CHAPTER X.--SUBSIDIARY RECOMMENDATIONS.

*Civil Service.*

(23) The reorganisation of the Civil Service is urgently called for, and it is hoped that early effect will be given to the undertakings contained in the Prime Minister's Budget Speech of June, 1933 (paragraphs 566-575).

*Need for Special Investigations.*

(24) An enquiry is at present being made by an educationalist of repute into the curriculum at present in force in the schools (paragraph 577). Expert investigation is needed also into the Railway and Steamship services of the Island (paragraphs 578-581), the forest resources of the country, and the best means of promoting an increase in the Island's live stock (paragraphs 582-583). The engagement of a qualified geologist is also highly desirable (paragraphs 584-585).

*Boards and Commissions.*

(25) Following the introduction of the new form of government, all existing Boards and Commissions would be dissolved (paragraphs 586-587).

*Public Health and Welfare.*

(26) Steps should be taken to remedy the defects in the existing Public Health Services of the Island, and in particular to build up a Preventative Public Health Service (paragraphs 595-607).

*St. John's City.*

(27) Energetic steps should be taken by the City Council to insist on prompt payment of arrears of the city tax (paragraph 614).

(28) The Question of proceeding with a town planning scheme for St. John's should be reviewed as opportunity offers. In the meantime a general plan of development should be prepared, covering not only the City itself but the neighbouring area which is also within the purview of the existing Town Planning Commission (paragraph 615).

(29) The Government would be well-advised to assist all unemployed men in St. John's who wish to do so to return to their homes in the outports (paragraph 616).



**Portugal Cove (about 8 miles from St. John's), n.d.**

Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

[Larger Version](#) (58 kb)

*Municipal Government.*

(30) The Government should do all in their power to encourage the formation of municipalities in the chief centres as times improve (paragraph 618).

*Police and Game Wardens.*

(31) In the event of a new body of Game Wardens being established on the lines recommended in Recommendation (20) above, such a force might take over all public work not only in the interior but in the outports as well, might collect the Customs and other revenue at all but the most important ports, might act as the representatives of the various Departments of Government, might assist in the working of the Post Office and the Railway, and generally might undertake duties, excluding those assigned to the Magistrates and Fishery Inspectors, which are at present distributed among a number of minor officials (paragraph 621).

*Establishment of Branch of Royal Naval Volunteer Reserve.*

(32) We recommend that, if it should not be regarded as practicable to reinstitute the Newfoundland branch of the Royal Naval Reserve, steps should be taken to create in St. John's a branch of the Royal Naval Volunteer Reserve. We also recommend that consideration should be given to the stationing of one of His Majesty's Ships in Newfoundland during the summer months, say from June to October (paragraphs 622-624).

*Need for Statistical Service.*

(33) One of the matters which we commend to the attention of the new Government is the need for the collection of full and accurate statistics relating to every branch of the Island's life. We recommend that with this object in view steps should be taken to establish a liaison with the Department of Statistics at Ottawa (paragraphs 625-627).

*Need for Public Libraries in the Island.*

(34) We understand that arrangements are in view for the establishment of a public library in St. John's. We think it important that public libraries should be established in the larger outports as opportunity offers and that steps should be taken to extend and improve the recently instituted service of travelling subscription libraries (paragraphs 628-629).

*General.*

(35) The objectives of the new Government will be two-fold, (a) immediate, (b) such as can only be attained over a period of years. The immediate objective must be to rescue the country from the peril of collapse which now threatens to overwhelm it, to instil new heart and confidence in the people and to bring about conditions in which, provided that they play their part, they will be assured at least of earning a livelihood. When the first objective has been achieved, the next objective must be the formulation of a long-range plan, based on an exhaustive study of local conditions, and calculated, by the creation and development of new sources of wealth, so to strengthen the economic structure of the Island as to prevent the recurrence, at least in such extreme form, of those periodical visitations of pauperism and distress to which it has hitherto been subject (paragraphs 630-633).

*Image description updated May, 2004.*

## **CHAPTER XII.--Acknowledgments and Thanks.**

635. Before concluding our Report to Your Majesty, we desire to express our thanks to all those who assisted us in the course of our Inquiry and facilitated our investigations. We are particularly indebted to His Excellency the Governor and Lady Anderson for many courtesies received at their hands; to the Hon. F.C. Alderdice, Prime Minister, and Members of the Government for their valuable testimony and constant endeavours to lighten our labours and provide for our comfort; and to the Members of the Legislative Council and the House of Assembly for the ready manner in which they placed their intimate knowledge of local conditions at our disposal. We also owe a debt of gratitude to the former Prime Ministers and Ministers, who gave us every assistance, and whose evidence, based largely on their experience as Ministers, was especially valuable.

636. We have already recorded that, at the outset of our Inquiry, we appealed to all those who had any contribution to make to come forward and assist us either in oral evidence or by means of written communications, and how striking was the response accorded to that appeal. As many as 260 witnesses, drawn from all classes and occupations, appeared before us, and we received, in addition, numbers of useful letters and memoranda from all parts of the Island. Many of the witnesses who gave oral evidence had travelled long distances, some of them hundreds of miles, to do so; these, coming from places which we were unable to visit, gave us great assistance, and their evidence, combined with that of witnesses who lived either in St. John's or in places which we visited, enabled us to form a complete picture of conditions in the Island. To all who came before us, as well as to those who communicated with us, we are greatly indebted, both of their evidence, and for the helpful spirit in which that evidence was presented.

637. We desire also to record our indebtedness to the owners of business establishments in Newfoundland, the United Kingdom and Canada for the ready access which they gave us to their premises. The insight which we were thus able to gain into the working of the various industries, and the detailed information with which we were supplied, proved of great value in the course of our Inquiry. For the courtesy with which we were everywhere received, we are deeply grateful.

638. While in Canada, we received much assistance from members of the Canadian Civil Service in connection with certain technical aspects of our Inquiry. We would take this opportunity of expressing our thanks to the Prime Minister of the Dominion, the Right Honourable R.B. Bennett, for permitting us to draw so freely on the resources of the Government Departments at Ottawa. We are especially grateful to Mr. J.T. Johnston and Mr. N.T. Allan for their skilful work in the preparation, from material supplied in Newfoundland, of the maps accompanying this Report.

639. Throughout our stay in Newfoundland we were in constant touch with the various Government Departments; and we desire to express our gratitude to the Ministers and officials concerned for the memoranda and detailed information so readily supplied to us. From all alike we received every courtesy and assistance. We are also indebted to Mr. H.J. Russell, the General Manager of the Newfoundland Railway, and his staff for the excellent arrangements made for our



visit of inspection of the outports in April; and to the magistrates, clergymen and others for the trouble taken by them in facilitating the hearing of evidence in the places which we visited. Acknowledgement is also due to the assistance given to us by the late Mr. E.G. Hall in preparing the maps which formed the basis of those now reproduced, and by Dr. Harold Thompson, the Director of the Fishery Research Bureau, in connection with our visit of inspection to Bay Bulls.

640. We would pay a special tribute to the work of our own staff, Mr. W.J. Bartle and Mr. F.J. Purll, assigned to us by Your Majesty's Government in the United Kingdom, and gratefully acknowledge the untiring energy and devotion with which these officers discharged their duties.

641. Our task has been greatly aided by the valuable services of our Secretary, Mr. P.A. Clutterbuck, of the Dominions Office. Apart from his ordinary secretarial duties, we are indebted to him for his constant and able assistance of our Report; and his intimate knowledge of the various branches of our Inquiry was of inestimable benefit to us.

ALL OF WHICH WE HUMBLY SUBMIT FOR YOUR MAJESTY'S GRACIOUS CONSIDERATION.

AMULREE.

C.A. MAGRATH.

W.E. STAVERT.

P.A. CLUTTERBUCK,

*St. John's, Newfoundland.*

*4th October, 1933.*

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APPENDIX A.

**CENSUS TABLES, 1921.**

**Population.**

The following Table gives the population of the various districts by the 1921 Census, and also the figures for each district for former years:--

Districts	1857	1874	1884	1891	1901	1911	1921
Twillingate	9,717	15,135	14,058	16,780	19,453	22,705	26,320
Fogo	---	---	6,264	6,700	7,570	8,257	9,134
Bonavista	8,850	13,008	16,486	17,849	20,557	22,894	24,754
Trinity	10,736	15,677	19,005	18,872	20,695	21,788	24,754
Bay-de-Verde	6,221	7,434	8,403	9,708	9,827	10,213	23,422
Carbonear	5,233	5,488	6,206	5,765	5,024	5,114	4,830
Harbour Grace	10,067	13,055	14,727	13,881	12,671	11,925	11,453
Port-de-Grave	6,489	7,919	8,698	7,986	7,445	6,986	6,545
Harbour Main	5,386	7,174	8,935	9,189	9,500	9,471	9,262
St. John's West	13,124	12,763	15,962	15,251	18,483	20,550	23,739
St. John's East	17,352	17,811	22,183	20,776	21,512	25,135	28,419
Ferryland	5,228	6,419	6,472	5,853	5,697	5,793	6,015
Placentia and St. Mary's	8,334	9,857	11,789	12,801	15,194	16,099	16,472
Burin	5,529	7,678	8,502	9,059	10,402	11,616	12,579
Fortune	3,493	5,788	6,917	7,671	8,762	9,989	11,272
Burgeo and La Poile	3,545	5,098	6,544	6,471	7,011	7,793	8,645
St. George	3,334	8,654	5,473	6,632	9,100	11,861	13,556
St. Barbe	---	---	6,500	6,690	8,134	10,481	12,176
Total	122,638	158,958	193,124	197,934	217,037	238,670	259,259
Labrador	1,650	2,416	4,211	4,106	3,947	3,949	3,774
Grand Total	124,288	161,374	197,335	202,040	220,984	242,619	263,033

**Population of Chief Towns.**

	1901.	1911.	1921.
Twillingate .....	3,542	3,348	3,217
Grand Falls .....	---	---	3,769
Fogo .....	1,118	1,152	1,216
Change Islands .....	1,067	1,087	1,075
Greenspond .....	1,358	1,304	1,211
Bonavista .....	3,696	3,911	4,052
Trinity .....	1,197	1,332	1,356
Heart's Content .....	1,079	1,017	1,229
Western Bay .....	695	966	869
Carbonear.....	3,703	3,540	3,320
Harbour Grace .....	5,184	4,279	3,825
Bay Roberts .....	2,266	2,187	2,168
Brigus .....	1,162	1,034	935

Harbour Main .....	798	762	745
Conception Harbour .....	932	988	892
Ferryland .....	535	478	562
Placentia .....	1,315	1,327	1,383
Burin .....	2,719	2,783	2,763
Grand Bank .....	1,427	1,605	1,869
Harbour Breton .....	763	654	725
Channel .....	1,280	877	994
St. George's Harbour .....	1,409	867	1,024
Bay of Islands .....	1,184	1,048	1,349

*Note.*--Corner Brook, which now has a population of about 5,000, was only a small village at the time of the 1921 census and owes its present proportions to the establishment of a Paper Mill there in 1923.

### Occupations.

	1857	1869	1874	1884	1891	1901	1911	1921
1.	---	---	---	---	---	---	1	1
2.	---	2	4	3	3	4	3	3
3.	77	97	120	185	183	239	245	301
4.	---	---	---	---	606	789	1,395	1,622
5.	Lawyers and Doctors 71	Lawyers 24 Doctors 42	Lawyers 30 Doctors 41	Lawyers 41 Doctors 56	Lawyers 43 Doctors 62	Lawyers 55 Doctors 83	Lawyers 46 Doctors 119	Lawyers 47 Doctors 92
6.	689	591	589	895	771	1,040	1,326	1,098
7.	---	---	---	1,613	1,952	2,353	4,641	5,186
8.	---	---	---	---	614	739	1,468	1,712
9.	1,552	1,784	1,004	1,685	1,547	2,475	2,915	3,227
10.	---	---	---	---	36,303	40,438	40,880	34,979
11.	1,970	2,019	2,171	3,628	2,682	3,111	5,376	4,862
12.	Males and Females 38,578	Males and Females 37,259	Males and Females 45,845	Males and Females 60,419	Males 36,694 Females 18,081	Males 41,231 Females 21,443	Males 43,795 Females 23,245	Males 40,511 Females 24,937
13.	334	391	453	1,507	625	1,408	2,821	2,619
14.	---	462	29	404	1,258	1,576	2,260	1,137
15.	---	---	---	---	1,058	626	1,204	1,833
16.	---	2,353	3,023	3,360	8,686	11,639	14,811	16,121

1. Archbishops 2. Bishops 3. Clergymen 4. Teachers 5. Lawyers and Doctors 6. Merchants and Traders 7. Engaged in Office or Shop 8. Government Service 9. Farmers 10. Fishermen and others who cultivate land 11. Mechanics 12. Catching and Curing Fish (Males and Females) 13. Lumbering 14. Mining 15. Engaged in Factories 16. Otherwise employed.

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APPENDIX B.

**TABLE SHOWING MEAN TEMPERATURE IN NEWFOUNDLAND AS COMPARED WITH NOVA SCOTIA, ALSO TOTAL PRECIPITATION OVER AN AVERAGE YEAR (1930).**

	Newfound-land Average Temper-ature	Newfound-land Average Temper-ature	Newfound-land Precip-itation	Newfound-land Precip-itation	Nova Scotia Average Temper-ature	Nova Scotia Precip-itation
	1930.	1932.	1930. Inches.	1932. Inches.	1930.	1930. Inches.
January	22°F.	23.90°F.	4.39	4.32	17.13°F.	3.54
February	22°F.	18.10°F.	5.33	2.40	16.42°F.	3.20
March	31°F.	29.60°F.	2.44	7.55	26.39°F.	2.80
April	35°F.	39.20°F.	3.75	7.27	37.58°F.	0.97
May	40°F.	44.50°F.	3.53	2.87	48.51°F.	1.86
June	58°F.	48.15°F.	2.35	1.32	57.85°F.	1.76
July	63°F.	58.30°F.	3.03	3.91	64.33°F.	3.44
August	60°F.	61.60°F.	2.47	3.45	63.56°F.	2.26
September	53°F.	56.18°F.	3.11	3.47	58.75°F.	2.35
October	45°F.	49.20°F.	6.51	3.47	46.96°F.	4.47
November	39°F.	36.50°F.	4.88	3.20	36.68°F.	1.92
December	30°F.	28.90°F.	5.38	2.70	23.11°F.	4.30
Totals			47.17	45.93		32.87
Average Mean	41.5°F.	41.17°F.	---	---	41.44°F.	
Average Daily Precip-itation	---	---	.129 inch.	.125 inch.	---	.09 inch.

## APPENDIX C.

**IMPORTS FOR YEARS 1927-28 TO 1931 INCLUSIVE.**

Countries	1927-28	1928-29	1929-30	1930-31	1931-32
	\$	\$	\$	\$	\$
Canada	12,141,574	11,832,415	12,992,600	10,675,348	8,351,188
United States	9,330,697	9,880,431	12,101,752	9,266,133	5,714,939
United Kingdom	4,986,838	6,211,906	5,527,575	4,192,300	3,182,625
British West Indies	256,374	282,440	191,675	178,156	194,282
Ceylon	269,208	257,671	262,032	185,575	152,269
Germany	65,103	122,954	140,146	207,778	119,429
Spain	181,825	174,236	132,995	86,859	61,924
Holland	69,648	87,081	84,964	89,639	45,516
Japan	4,008	13,687	19,703	26,226	43,044
Czecho-slovakia	554	2,493	18,550	44,780	40,019
Belgium	33,279	15,095	27,823	49,994	37,074
France	54,882	52,214	36,248	29,168	24,482
St. Pierre	23,736	13,356	23,134	38,470	22,193
Dutch East Indies	---	32,721	39,791	17,681	19,669
Greece	42,293	48,818	34,731	16,306	19,346
Argentine Republic	18,672	31,708	41,307	26,530	18,263
Portugal	29,034	26,220	15,440	6,548	11,987
Norway	30,227	40,302	51,687	12,808	10,382
Various	99,241	111,633	128,998	111,402	66,990
Total	27,637,193	29,237,381	31,871,151	25,261,701	18,135,651

**EXPORTS FOR YEARS 1927-28 TO 1931 INCLUSIVE.**

Countries	1927-28	1928-29	1929-30	1930-31	1931-32
	\$	\$	\$	\$	\$
United States	9,732,932	11,530,059	11,307,319	10,852,880	9,541,070
United Kingdom	7,543,499	7,527,191	8,605,001	9,448,297	7,871,109
Brazil	2,262,358	3,539,489	2,990,422	1,849,383	1,147,037
Canada	2,451,682	2,845,899	3,684,630	2,021,582	1,074,852
Belgium	10	262,345	1,390,693	995,279	1,057,905
Holland	1,504,426	1,406,185	1,762,945	1,710,401	787,250
Spain	2,701,560	2,492,054	2,748,527	1,506,699	730,080
Portugal	2,467,210	2,164,764	2,157,404	991,711	723,199
British West Indies	1,073,225	1,009,020	1,059,775	1,048,003	694,613

Foreign West Indies	578,934	357,982	433,908	660,431	617,795
France	---	147,836	52,679	310,875	464,898
Italy	1,314,969	1,462,582	1,397,892	845,420	452,026
Greece	470,394	334,308	413,887	400,795	367,183
Germany	67,274	534,707	977,500	169,918	58,035
Madeira	82,710	77,310	98,020	51,449	42,084
Malta	28,411	19,407	11,235	23,568	20,281
St. Pierre	4,072	20,887	33,839	11,853	11,588
Denmark	262,012	69,028	2,430	---	1,900
China	---	46,362	61,028	24	383
New Zealand	114,241	---	---	---	---
Russia	---	398,953	---	---	---
Various	16,810	5,622	3,887	10,146	4,070
Total	32,676,729	36,251,990	39,193,021	32,908,714	25,667,358

**EXPORTS (INCLUDING RE-EXPORTS) FOR THE FOUR YEARS ENDED 30TH JUNE, 1932.**

	1928-29	1929-30	1930-31	1931-32
	\$	\$	\$	\$
Products of the Fisheries	16,031,735	14,963,004	10,469,856	6,393,548
Products of Agriculture	25,928	40,892	20,140	10,811
Products of the Forest	1,139,130	895,372	573,747	314,421
Products of the Mines	4,102,618	7,232,388	4,371,288	3,408,008
Manufactures (including newsprint)	14,904,504	15,998,872	17,462,588	*15,540,425
Game	888	---	---	---
Spirits and Wines in Transit	221,754	321,772	149,755	190,709
Wines	3,285	3,407	2,433	2,556
Old Metal	23,715	114,277	19,034	16,383
Junk	2,569	3,451	1,754	---
Specie	225	5,415	36,491	532,180
Coal	490	828	270	58
Miscellaneous	340,862	472,281	430,213	280,377
Total	\$26,797,703	\$40,051,959	\$33,537,569	\$26,689,476

\* Of this figure, exports of newsprint to the United Kingdom and the United States accounted for \$15,376,398.

APPENDIX D.

**REPORT OF JOINT COMMITTEE OF LEGISLATIVE COUNCIL AND HOME OF ASSEMBLY, 1880.**

The joint Committee of the Council and House of Assembly appointed to consider the question of constructing a railway in this island have to report that they have given the most careful consideration to this matter, and beg to state the result of their deliberation.

The question of the future of our growing population has for some time engaged the earnest attention of all thoughtful men in this country, and has been the subject of serious solicitude. The fisheries being our main resource, and to a large extent the only dependence of the people, those periodic partial failures which are incident to such pursuits continue to be attended with recurring visitations of pauperism, and there seems no remedy to be found for this condition of things but that which may lie in varied and extensive pursuits.

This reflection would apply with force to the present population, but when we contemplate it in relation to our increasing numbers, the necessity of dealing with the subject urgently presses on our consideration.

Our fisheries have no doubt increased, but not in a measure corresponding to our increase of population. And even though they were capable of being further expanded, that object would be largely neutralised by the decline in price which follows from a large catch, as no increase of markets can be found to give remunerative returns for an augmented supply.

It is evident, therefore, that no material increase of means is to be looked for from our fisheries, and that we must direct our attention to other sources to meet the growing requirements of the country. Our mining industry may now be regraded as an established fact. Large areas of geological formation similar to that in which the mines are being successfully worked are known to exist, and there is every reason to believe from recent explorations that a great amount of wealth in copper and other ores is waiting the application of enterprise and capital to bring them into profitable use. Our agricultural industry, though prosecuted to a valuable extent, is yet susceptible of very enlarged development. Vast stretches of agricultural land, extending from Trinity Bay north, along the heads of Bonavista Bay, Gander Bay, and Exploits River, as well as on the west coast, need only the employment of well-directed labour to convert them into means of independent support for thousands of the population.

We have in this town a large market for agricultural produce and live stock, which at present is mainly supplied from abroad, and as an illustration of what may be done by the cultivation of the land when a market is within reach, we have the fact that amongst the most prosperous of our labouring people are those who live by the land in the vicinity of St. John's, though the average conditions of fertility are far below those which exist in the interior of the Island. There are indications, moreover, leading to the conclusion that we shall hereafter be more dependent than before on the home supply of live stock, for in those places from which we have hitherto received our meat supplies, attention is being



given to the English market, which is supposed to offer better prospects, and an advanced value may therefore be reasonably anticipated.

With an improved market on the spot the inquiry is further suggested whether this Colony should not become an exporter of live stock to England, and we have little difficulty in affirming this position. For grazing purposes we have large tracts that, we believe, cannot be surpassed in British North America; and when we regard our proximity to England, and the all-important consideration of a short voyage for live stock, the advantages we possess in this connection are too manifest to be subject of question or argument.

But to what end do these elements of wealth exist if they continue to remain neglected? For they will as before be outside the reach of the people if some energetic effort be not made to render them accessible to our centres of population. We have means of remunerative employment in those dormant resources, coincident with the spectacle so often about us of unemployed labour; and we cannot but feel that the Government fails in its duty if it have the power and does not employ it in connecting those resources with that industry, which ought to receive its satisfactory reward.

Your Committee believe that no agency would be so effective for the promotion of the objects in view as that of a railway; and when they consider that there is no Colony of equal importance under the Crown without a railroad, and the advantages thereby conferred elsewhere in the enhancement of the value of property and labour, it is felt that in our circumstances no effort within the means of the Colony should be wanting to supply this great desideratum.

They are not unmindful of the financial considerations involved, but having regard to the influence of such a work in elevating the people and enlarging the area of profitable industry, the Committee are convinced that ample compensation will be found in the improved condition of the country for any outlay the undertaking may require.

We do not regard it per se as an enterprise that will pay, or as one that offers attraction to speculators, but as the work of the country, and in its bearing on the promotion of the well-being of the people, in which the returns are alone sought and will be found, it eminently commends itself to our judgment. In this sense we believe that, in time, it will amply pay its cost, and that the consequent advance in the comfort and independence of the people will fully attest the wisdom of its establishment.

The Committee are of opinion that the present financial condition of the Colony makes the time favourable for entering on the project, and that it may be undertaken on conditions which will not unduly press upon our resources.

The Committee believe that a narrow-gauge road might be constructed at a comparatively moderate cost, and that it would be found well adapted to the circumstances of this Colony, as well in regard to our means as to the physical condition of the country. The road should be made from St. John's through the peninsula of Avalon, and the favoured agricultural and timber regions north, to the mineral district, connecting the principal towns and settlements in Conception Bay and along the proposed line. Your Committee have had reference to the survey made in 1875, and it would seem to be ample for preliminary purposes, so far as it affects the district of Avalon and along the route already

examined to the northern point indicated; but a further survey would be required to establish the immediate location of that, as well as of such branch lines as shall seem to be necessary and practicable for the carrying out of the proposed project.

Your Committee therefore recommend the introduction and passage of an Act authorising the raising by loan of the required amount in sums not exceeding five hundred thousand dollars in any one year, and providing an organisation for carrying out the object in accordance with the views contained in this Report. The Committee further recommend that the Executive Government apply to Her Majesty's Government, requesting that they will guarantee the interest on the bonds of the Colony for such amount as may be required for the purpose of constructing the railroad, within the sum of one million pounds sterling, and we cannot doubt that this will meet with a favourable response when Her Majesty's Government are made aware of the exceptionally sound and healthy condition of our finances.

All of which is respectfully submitted.

(Sgd.) W.W. WHITEWAY,  
*Chairman.*

P.G. TESSIER,  
C.R. AYRE,  
ROBERT THORBURN,  
A. SHEA,  
JOHN RORKE,  
JOSEPH I. LITTLE,  
ROBERT J. KENT,  
A.M. MACKAY.

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APPENDIX E.\*

(FROM SIR MACKENZIE BOWELL, PRIME MINISTER OF CANADA, TO THE EARL OF ABERDEEN, GOVERNOR-GENERAL OF CANADA.)

OTTAWA, 16th April, 1895.

MY DEAR LORD ABERDEEN,

Referring to our conversation of yesterday afternoon, I enclose herewith a memorandum showing the financial aspect of our negotiations with the Newfoundland delegates, from which Your Excellency will learn the difficulties that lie in the way of our acceding to the full request of the representatives of that colony. If these figures and explanations are not sufficiently clear and elaborate, kindly let me know, and I will furnish any other that Your Excellency may require.

Canada is very desirous of effecting a union with the ancient colony of Newfoundland, believing it would be in Imperial as well as Canadian interests; but, considering the financial obligations of Newfoundland and our relations to the other Provinces of the Dominion, it is necessary, in order to accomplish this end, that the Imperial Government should extend the most generous assistance possible.

Believe me, etc.  
(Signed) MACKENZIE BOWELL.

*Memorandum.*

CANADA AND NEWFOUNDLAND AS TO DEBT.

Newfoundland has a debt of .....	\$11,247,534
In addition to which she is under obligation to the Newfoundland Railway Company for an annual subsidy of \$45,000 for 22 years, which, capitalized at 4 per cent., amounts to .....	650,300
Amount required to complete the Railway across the Island and the Brigus branch, both of which are under contract .....	<u>3,932,000</u>
Total indebtedness and obligations .....	\$15,829,834

The highest indebtedness Canada has assumed for any Province, and is willing to assume for Newfoundland, is \$50 per head of her population, which, on the estimate of 207,000, amounts to .....

Leaving a balance and liability of .....	<u>\$10,350,000</u> <u>\$5,479,834</u>
--	---

Canada cannot assume more than the above amount of \$10,350,000, as this is the highest indebtedness assumed for any Province. To exceed this amount would open up at once the question of terms to each member of the Confederation. Newfoundland, however, represents that it is impossible to provide for this excess of \$5,479,834 and carry on its local services at the same time, with the resources that would be at her disposal under Confederation.

#### AS TO YEARLY REVENUE.

After the Dominion has assumed the general services which would fall to her under Confederation, the Island has to provide for its local services, for which it now expends about \$700,000. After economising as far as possible, she considers a revenue of \$650,000 annually the minimum upon which she could manage her affairs. Canada proposes to allow Newfoundland:--

For legislation .....	\$50,000	
For her present population (207,000), at 80¢ per head .....	165,600	
For Crown Lands .....	150,000	
Other allowances .....	<u>100,000</u>	
		\$465,600

The following will show how the debt and yearly allowances to Newfoundland compare with those given to the other smaller Provinces of the Dominion:--

<i>Province.</i>	<i>Population.</i>	<i>Dominion subsidy. (\$)</i>	<i>Debt Assumed per head. (\$)</i>
Nova Scotia	450,396	432,814	29.75
New Brunswick	321,263	483,596	30.30
Manitoba	190,000	437,601	32.43
Prince Edward Island	109,078	183,084	50.00
Newfoundland	207,000	465,000	50.00

To grant the larger allowance asked by Newfoundland would be impossible, as it would be so much larger and out of all proportion to the subsidy granted to the other Provinces that it would either be rejected by the Canadian Parliament or open up for discussion the question of allowance, and lead to an increase to the other Provinces of Confederation which the revenue of the Dominion would not justify.

#### THE POSITION OF CANADA

Newfoundland under her present tariff, on imports of about \$7,000,000 of dutiable goods, collects about \$1,600,000 or revenue.

Canada, it is estimated, would receive under Confederation about \$800,000 in revenue--the loss being due to the diversion of trade from foreign countries to Canada. Canada's yearly account under Confederation would then stand:--

Payment to Newfoundland of a yearly subsidy of .....	\$465,000
Interest on \$10,350,000 of debt .....	392,000

Cost of general services assumed by Canada for Newfoundland :--

Salary of Lieutenant-Governor;

Customs;		
Excise;		
Savings Bank;		
Public Works (of Dominion character);		
Crown Lands;		
Administration of Justice;		
Post Offices;		
Militia;		
Steamship services;		
Marine and Lighthouses;		
Fisheries;		
Penitentiaries;		
Weights and Measures and Gas Inspections;		
Experimental Agriculture and Statistics;		
Quarantine;		
Immigration;		
Insurance Inspection;		
Geological Survey.		
Total .....	<u>600,000</u>	
		\$1,457,000
Less anticipated receipts from Customs and Excise .....	<u>800,000</u>	
Leaving a financial loss of .....	<u>\$657,000</u>	

If provision could be made for the indebtedness of Newfoundland over and above what the Dominion assumes, Newfoundland could possibly accommodate herself to the situation. She would, however, have to economise; to throw some of the burdens which the Government now carries upon the shoulders of the community, and to raise by some form of taxation a portion of what would be necessary.

To-day the Newfoundland Government practically assumes the whole burden of the poor relief, educating the people, building the roads and bridges, and performs other services which, in the Provinces of Canada, are dealt with almost exclusively by the Municipalities, and in no case by the Federal Government.

The Newfoundland Estimates for the year 1894 show the requirements for these services to be:--

Poor Relief .....	\$209,611
Education .....	157,851
Roads and Bridges .....	<u>129,300</u>
Total .....	\$496,762

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\* Extract from Appendix to Journal of House of Assembly of Newfoundland, 1894-95.

## APPENDIX F.

**PUBLIC DEBT****Statement of Loans raised and purposes for which they were raised.**

Loan 1886, 49 Vic. Cap. 3.	.....	.....	60,000.00
Loan 1887, 50 Vic. Cap. 6.	.....	.....	480,000.00
Loan 1887, 50 Vic. Cap. 7.	.....	.....	320,000.00
Loan 1888, 51 Vic. Cap. 3.	.....	.....	50,000.00
Loan 1888, 51 Vic. Cap. 5.	.....	.....	218,000.00
Loan 1889, 52 Vic. Cap. 5.	.....	.....	408,000.00
Loan 1891, 54 Vic. Cap. 8.	Purchase Newfoundland Railway	.....	1,581,666.66
Loan 1893, 56 Vic. Cap. 1.	Northern Railway and Brigus Branch	.....	3,384,473.35
Loan 1893, 56 Vic. Cap. 2.	Western Railway	.....	4,708,800.00
Loan 1895, 58 Vic. Cap. 13.	To Repay Debentures and floating liabilities to English and local banks	.....	2,676,666.66
Loan 1897, 60 Vic. Cap. 2.	To Repay Debentures and floating liabilities to English and local banks	.....	973,333.33
Loan 1897, 60 Vic. Cap. 4.	Short line and Burnt Bay	.....	456,980.00
Loan 1898, 60 Vic. Cap. 6.	West End Branch and Re-railing	.....	351,373.33
Loan 1901, 1 Ed. VII. Cap. 6.	Repurchase railways, etc.	.....	2,263,000.00
Loan 1905,	To repay Floating		

5 Ed. VII. Cap. 1.	Debentures (Matured in 1930 and now appears in Loan 1930)	.....	2,885,000.00
Loan 1905, 5 Ed. VII. Cap. 2.	Telegraph Award and Loan Sundry Floating Debentures	..... .....	1,900,433.33 602.30
9 <sup>th</sup> Ed. VII Cap. 3.	Repayment of Advances from Exchequer New Wing, St. John's Hospital To Complete Museum Railway Arbitration Awards Grand Bank and Fortune Piers Municipal Council  Less-Paid off from Profits Savings Bank	155,000.00 80,000.00 60,000.00 15,000.00 20,000.00 <u>100,000.00</u> 430,000.00  <u>50,000.00</u>	          380,000.00
10 <sup>th</sup> Ed. VII. Cap. 7.	Municipal Council	.....	90,000.00
10 <sup>th</sup> Ed. VII. Cap. 39. Loan 1910.	Branch Railways	.....	3,893,333.33
1 <sup>st</sup> Geo. V. Cap. 32. Loan 1911.	Lighthouses and Marconi General Hospital Harbour Grace Public Building Dredge Municipal Council School Property Public Buildings	100,000.00 73,000.00 15,000.00 50,000.00 32,000.00 100,000.00 <u>14,750.00</u>	       384,750.00
2 <sup>nd</sup> Geo. V. Cap. 18. Loan 1912.	Branch Railways	.....	1,946,666.66
8 & 9 Geo. V. Cap. 35. Loan 1918.	War Purposes (Matured and now appears in Loan 1928.)	.....	6,000,000.00
9 & 10 Geo. V. Cap. 2. Loan 1919.	War Purposes (Matured and now appears in Loan 1928.)	.....	1,543,400.00
9 & 10 Geo. V. Cap. 2. Loan 1919.	War Purposes Lunatic Asylum, Sanatorium, Fever Hospital, etc.	5,500,000.00 <u>500,000.00</u>	 6,000,000.00
12 Geo. V. Cap. 2.	For Liquidation Temporary		

Loan 1921.	Railway Loan	1,500,000.00	
	For other Railway Purposes	1,000,000.00	
	For Public Works, to be distributed on a <i>per capita</i> basis	500,000.00	
	For Special Public Works	500,000.00	
	To liquidate the liability of the St. John's Municipal Council to the Royal Bank of Canada, such sum as may be required for that purpose, not to exceed the sum of	500,000.00	
	As a Guarantee in connection with Fishery Supplies	500,000.00	
	Such sum as may be required to liquidate deficit on Railway operations for fiscal year ending 30th June, 1922, not exceeding	<u>1,500,000.00</u>	<u>6,000,000.00</u>
	Carried forward	.....	48,956,478.95
	Brought forward	.....	48,956,478.95
	12 Geo. V. Cap. 1. Loan 1922.	Expenses raising Loan	70,212.44
	Railway Purposes	1,778,292.96	
	Normal School	400,000.00	
	Redemption of Debentures	100,000.00	
	Industrial Home for Blind	22,500.00	
	Badger-Hall's Bay, Deer Lake-Bonne Bay, Colinet Roads and Special District Grants	665,840.00	
	Storm Damages and Relief for unemployed	1,285,601.45	
	Roads and Bridges	426,134.96	
	Ballasting Railway for Relief work	171,395.05	
	Completion and Repairs to Water Service to Sanatorium	35,500.00	
	Plumbing New Wing, Lunatic Asylum	5,335.00	
	Completion Water Supply, Lunatic Asylum	4,000.00	



	Completion General Post Office extension	2,000.00	
	Purchase of House, Heart's Content, for Court House and Gaol	3,500.00	
	Notre Dame Bay Memorial Hospital	10,000.00	
	Contribution to Road Commission	10,000.00	
	Grand Bank Pier	105,000.00	
	Marine Works	273,878.87	
	Able-Bodied Pauper Relief	590,756.06	
	In Aid St. George's Coal Fields	1,000.00	
	In Aid Little River Coal Fields	2,500.00	
	In Aid Harley's Coal Fields	2,500.00	
	Public Works	<u>34,053.21</u>	6,000,000.00
14 Geo. V. Cap. 9. Loan 1923.	To liquidate Deficit 1921-22	857,861.87	
	To liquidate Deficit 1922-23	675,529.00	
	Militia Expenses	114,044.07	
	Refund on Codfish Export Tax	115,000.21	
	Expenses of raising Loan	14,812.34	
	War Graves, etc.	40,000.00	
	Railway operation purposes	299,566.42	
	Railway Capital Expenditure to 30th June, 1924	25,433.58	
	Railway, for Trucks, etc., for 62 freight cars	75,000.00	
	Government Engineer for completion various bridges	25,000.00	
	<i>Public Works:-Roads, Bridges and Special Relief on Railway</i>	173,092.51	
	<i>Marine and Fisheries:-Marine Works</i>	78,000.00	
	<i>Agriculture and Mines:--Pitprop Account</i>	1,000,000.00	
	<i>Government Engineer's Department:-For Completion of Bridges</i>	<u>6,660.00</u>	3,500,000.00
14 Geo. V. Cap. 2. Loan 1923.	Railway Purchase	.....	2,061,033.33

15 Geo. V. Cap. 20. Loan 1924.	To meet the deficit of 1923-24	1,600,000.00		
	Building Roads and Highways	2,000,000.00		
	Rolling Stock on Government Railway	350,000.00		
	Estimated cost of New Steamer on Gulf of St. Lawrence	400,000.00		
	Cost of repairs to Dock	675,000.00		
	Cost of Equipment and New Machinery Machine Shop, St. at John's West	50,000.00		
	Cost of Completion of Building on Railway Stations, etc.	75,000.00		
	Estimated cost of Re-railing 131 miles of Railway (Rails 80lb.)	800,000.00		
	Estimated cost of completion of Bridges and filling in old Trestles on Railway	<u>50,600.00</u>	<u>6,000,600.00</u>	
	Carried forward	.....	66,518,112.28	
	Brought forward	.....	66,518,112.28	
	Loan 1925	Rebuilding Dock	.....	500,293.33
	Loan 1926	Dock	800,000.00	
		Railway	1,945,000.00	
	Corner Brook Public Building	80,000.00		
	Liquor Control Building	13,000.00		
	Court House Heating	12,000.00		
	Pitprop Account	200,000.00		
	Militia Account	90,000.00		
	"Lobelia," "Watchful," and "Daisy"	80,000.00		
	Lighthouses	150,000.00		
	Labrador Boundary, etc.	75,000.00		
	Public Buildings	50,000.00		
	Addition to Sanatorium	50,000.00		
	Telegraphs	100,000.00		
	Mineral, Agricultural and Fishery	296,790.00		
	Special Works and Improvements	858,210.00		
	Cost of raising Loan	<u>199,526.66</u>	5,000,000.00	
19 Geo. V.	Retiring Loan 1918	7,543,400.00		



	to the building and equipment of the Memorial College extension and the repayment of any sums which may have been advanced from the Consolidated Revenue Fund for that purpose.		
	(d) Fourthly, to purchase in the open market of any stock or bonds of the Newfoundland Government bearing interest at a rate not less than five per centum per annum. Any stock or bonds so purchased shall be forthwith cancelled.	.....	<u>2,500,000.00</u>
			100,520,505.59
	Less Loan 1905 matured and retired by Loan 1930	2,885,000.00	
	Less Loan 1918 matured and retired by Loan 1928	<u>7,543,400.00</u>	<u>10,428,400.00</u>
	Brought forward	.....	90,092,105.59
	From this must be taken the amount of Bonds of Loan 1895 redeemed under the operations of the Sinking Fund and Treasury Bills and Cash held by Glyn Mills & Company, London, for further redemption of the same Loan	1,867,897.80	
		<u>448,009.01</u>	<u>2,315,906.81</u>
	Making Net Funded Debt Outstanding	.....	87,776,198.78
	TEMPORARY LOANS. The following Temporary Loans must be added to the above:--		
1917	From His Majesty's		

	Government in the United Kingdom, for War purposes (£400,000)	1,946,666.66	
March, 1931	Bank of Montreal, on account of Exchequer deficiency	500,000.00	
August, 1931	Bank of Montreal, on account of Railway deficiency	600,000.00	
August, 1931	Bank of Montreal, on account of Western Marine Railway	31,000.00	
November, 1931	Royal Bank of Canada, on account of Newfoundland Hotel	300,000.00	
July, 1931	Bank of Montreal, Interest on Public Debt	785,000.00	
July, 1931	Bank of Nova Scotia, Interest on Public Debt	667,000.00	
July, 1931	Royal Bank of, Canada, Interest on Public Debt	429,000.00	
July, 1931	Bank of Commerce Interest on Public Debt	119,000.00	
December, 1931	Bank of Montreal, Interest on Public Debt	863,500.00	
December, 1931	Bank of Nova Scotia, Interest on Public Debt	733,700.00	
December, 1931	Royal Bank of, Canada, Interest on Public Debt	471,900.00	
December, 1931	Bank of Commerce, Interest on Public Debt	130,900.00	
December, 1932	His Majesty's Government in the United Kingdom, Interest on Public Debt	625,000.00	
December, 1932	His Majesty's Government in Canada, Interest on Public Debt	625,000.00	
June, 1933	His Majesty's Government in the United Kingdom, Interest on Public Debt	1,850,000.00	<u>10,677,666.66</u>
	Loans Outstanding	.....	98,453,865.44
1st July,	Add Sinking Fund	.....	<u>2,315,906.00</u>

1933	Gross Public Debt	.....	100,769,771.44
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ANALYSIS OF THE PURPOSES FOR WHICH THE LOANS SET OUT IN THE PRECEDING  
PAGES WERE RAISED (APPROXIMATE FIGURE ONLY).

Railways .....	\$34,570,000
War Purposes .....	12,950,000
Highroads and other roads .....	10,500,000
Dock and Marine Works .....	3,235,000
Telegraphs and Telephones .....	2,572,000
Public Buildings .....	2,050,000
Lighthouses .....	715,000
Rebuilding of St. John's, Harbour Grace and Carbonear .....	947,000
Encouragement of Fisheries .....	905,000
School Buildings .....	800,000
Able-Bodied Relief .....	1,795,000
Encouragement of Agriculture .....	360,000
Labrador Boundary .....	175,000
Dredge .....	50,000
Workingmen's dwellings .....	62,000
Newfoundland Hotel .....	635,000
West Corner Brook Water Company .....	10,000
Harbour Grace Water Company .....	13,000
St. John's Municipal Council .....	1,649,000
Deficits on Current Account (including Railway) .....	<u>24,460,000</u>

\$98,453,000

## APPENDIX G.

**List of Loans in Order of Maturity--1st July, 1933.**

Maturity	Interest Rate. Per cent.	When raised.	Interest payable in:--	Amount \$
Not Fixed	4	1893	Newfoundland Funds	602.30
1st July, 1935	4	1895	Sterling	*2,676,666.66
30th June, 1936	6½	1921	Gold	6,000,000.00
31st December, 1936	4	1896	Sterling	973,333.33
9th May, 1938	4	1888	Sterling	60,000.00
9th May, 1938	4	1889	Sterling	480,000.00
9th May, 1938	4	1889	Sterling	320,000.00
9th May, 1938	4	1890	Sterling	50,000.00
9th May, 1938	4	1890	Sterling	218,000.00
9th May, 1938	4	1891	Sterling	408,000.00
1st July, 1939	5½	1919	Gold	6,000,000.00
1st January, 1941	3½	1893	Sterling	3,384,473.35
1st July, 1942	5½	1922	Gold	6,000,000.00
1st July, 1943	5	1923	Sterling	2,061,033.33
1st July, 1943	5½	1923	Gold	3,500,000.00
1943 to 1948	3½	1893 to 1898	Sterling	456,980.00
1943 to 1948	3½	1893 to 1898	Sterling	351,373.33
September, 1945	3½	1905	Sterling	1,900,433.33
1st January, 1947	3	1897	Sterling	1,581,666.66
1st January, 1947	3½	1893	Sterling	4,708,800.00
30th June, 1947	5½	1932	Canadian Funds	2,500,000.00
1st July, 1949	5	1924	Gold	4,000,400.00
1st July, 1949	5	1925	Gold	2,500,493.33
July, 1950	3½	1910	Sterling	3,893,333.33
October, 1951	3½	1901	Sterling	2,263,000.00
31st December, 1951	5	1926	Gold	4,999,526.66
July, 1952	3½	1912	Sterling	1,946,666.66
31st December, 1952	5	1927	Gold	5,000,000.00
31st December,				

1953	5	1928	Gold	10,002,946.66
31st December, 1954	5	1929	Gold	5,999,626.66
30th June, 1955	5	1930	Gold	5,000,000.00
1959	4	1909	Newfoundland Funds	380,000.00
1st July, 1961	4	1910	Newfoundland Funds	90,000.00
1st July, 1961	4	1911	Newfoundland Funds	<u>384,750.00</u>
				90,092,105.59

Carried forward ..... 90,092,105.59

\*Note.--From this must be taken the amount  
of Bonds of Loan 1895 redeemed under  
the operations of the Sinking Fund ..... 1,867,897.80  
and

Treasury Bills and Cash held by Glyn  
Mills & Co. for further redemption of  
the same loan ..... 448,009.01 2,315,906.81

Making Net Funded Debt Outstanding ..... 87,776,198.78

The Following must be added:--

Temporary Loan from H.M. Government  
in the United Kingdom for War  
purposes (1917), £400,000 ..... 1,946,666.66  
Temporary Loans obtained from local Banks ..... 5,631,000.00  
Temporary Loans from H.M. Governments  
in the United Kingdom and Canada  
(December, 1932) ..... 1,250,000.00  
Temporary Loans obtained from H.M.  
Government in the United Kingdom  
(June, 1933) ..... 1,850,000.00

Loans Outstanding ..... 98,453,865.44

Included in above is the sum of \$1,648,904.54 due by the City of St. John's



APPENDIX H.

**THE TREASURY CONTROL ACT, 1932.**

**An Act for the Control of the Public Treasury.**

(Passed April 30, 1932)

*Section.*

- 1.--Controller of the Treasury and Deputy Minister of Finance.
- 2.--Terms of his appointment; salary.
- 3.--Power of Controller to make regulations.
- 4.--Consent required for expenditures.
- 5.--Controller to have access to books and records.
- 6.--Repeal.
- 7.--Relations of this Act to Cap. 10, C.S.
- 8.--Short Title.  
Schedule.

*Be it Enacted by the Governor, the Legislative Council and House of Assembly, in Legislative Session convened, as follows:*

1. The Governor in Council shall appoint by commission under the Great Seal of the Dominion an officer to be called "The Controller of the Treasury and Deputy Minister of Finance" (hereinafter called the Controller), who shall be the Deputy Head of the Department of Finance and shall have the powers and duties which are set in general terms in the Schedule to this Act.

2. The Controller shall after a probationary period not exceeding six months during which he may be removed by the Governor in Council hold office during good behaviour and shall be removable only by the Governor on Address of the Legislature Council and the House of Assembly; and he shall be paid out of the Consolidated Revenue Fund, in twelve equal monthly instalments, an annual salary to be prescribed by Order in Council, which salary whence once so prescribed shall stand as if prescribed in this Act and shall thereafter not be alterable save by Statute.

3. The Controller shall notwithstanding anything in any Act to the contrary have the power to make Regulations subject to the approval of the Governor in Council for the doing of any matter or thing with a view to the exercise of control over public moneys in the manner generally described in the Schedule. The expression "public moneys" in this Section shall have the same meaning as is given to it Section 2 (a) of the Consolidated Revenue and Audit Act, 1899.

4.--(1) No expenditure shall be passed by the Comptroller and Auditor-General as chargeable against the Newfoundland Exchequer Account unless the formal consent of the Department of Finance has been first given thereto in writing, signed by the Controller, in all cases where this is required by the Schedule to this Act or by Regulations made under this Act. (2) This Section shall be read in conjunction with the Consolidated Revenue and Audit Act, 1899.

5. The Controller shall at all times have free access to the books, accounts and records of every Government Department or office, including those of branches of the Government service which are conducted as corporations.

6. Section 2 of Chapter 10 of the Consolidated Statutes (Third Series) entitled "Of the Department of Finance and Customs," as amended by Section 1 of the Act 15, George V.,

Chapter 13, is hereby repealed in so far as it relates to the Deputy Minister of Finance.

7. This Act shall be read in conjunction with Chapter 10 of the Consolidated Statutes (Third Series) provided that in any case where the two Acts are not in accord this Act shall prevail.

8. This Act may be cited as "The Treasury Control Act, 1932."

#### SCHEDULE.

#### POWERS AND DUTIES OF THE CONTROLLER OF THE TREASURY AND DEPUTY MINISTER OF FINANCE.

The principal functions of the Controller shall be:

1. To exercise "Treasury Control" over the expenditure of the Dominion, and to see that no expenditure is made which is not in accordance with law or for which funds are not available.

The invariable practice shall be that no new expenditure as hereinafter defined be incurred without the consent of the Department of Finance given in writing by formal letter or upon a form signed by the Controller who will in all important matters consult the Minister of Finance and Customs. If in case of emergency consent is given orally, it shall subsequently be confirmed in writing.

All proposals for expenditure not provided for in the Vote of a Department for which it is proposed to obtain an Order of the Governor in Council must first be submitted to the Department of Finance in order that the Minister may formally lay his views and those of the Controller upon the proposed expenditure before the Executive Council.

Any proposal on the part of a Department for new expenditure shall be forwarded in writing to the Controller with the following particulars:--

- (1) The Department's reasons for recommending the scheme in question.
- (2) An estimate of the cost involved and a statement of dates on which payments will have to be made.
- (3) Such further particulars as the Controller may demand.

The Minister of Finance and Customs and the Controller shall approve the proposed only if they consider that the finances of the Dominion justify the expenditure, and if the necessary funds will be available on the dates required; provided that nothing herein shall prevent either the Minister or the Controller from representing to the Governor in Council their views against any proposal on its merits, notwithstanding that the necessary funds will be available on the dates required.

No Member of the Legislature or other person whatsoever shall be recognized as having authority to pledge the credit of the Government or to order work or goods on its behalf unless the Minister in charge of the Department concerned has given prior express authority in writing specifying precisely the work to be done, the goods to be ordered or the money to be spent; such prior authority shall not be given in the case of any new work or service without prior reference to the Department of Finance as above mentioned.

No recommendation for the doing of any work or the incurring of any expense on behalf of the Government shall at any time be made direct to the Department of Finance, but only through the Head of a Department having to do with work or expenditure of the kind in question.

New expenditure is defined as follows, but this definition may be altered by regulation made under Section 3 of this Act:

- (1) Any new scheme or service which involves or may involve payment from

public funds, whether or not this scheme or service is in pursuance of a general policy already adopted by the Government and whether or not provision has been made for it in the Vote of a Department. (In practice very small services or expenditures are not required to be submitted individually to the Department of Finance but the Department concerned will be authorized to undertake small works up to a definite limit to be specified.)

(2) The creation of new posts and the appointment of additional staff whether permanent or temporary.

(3) All increases in salary, other than such automatic increases by seniority or on promotion as are provided under any properly authorized scale or scheme and for which funds have been provided by the Legislature.

(4) All proposals for additional payments to public servants over and above their respective salaries.

(5) All proposals for special payments to any other person for services rendered.

(6) All proposals for pensions, other than such as are provided for under any properly authorized scale or scheme and for which funds have been provided by the Legislature.

2. To have general control over the collection of Death, Legacy, Estate or Probate Duties, Income Taxes, Profits Taxes, Sales Taxes and other miscellaneous revenue not belonging specifically to any other Department, and to suggest means for improving the collection of any revenue whether of the above mentioned kinds or not; to conduct correspondence relating to the expenditure of the Department of Finance especially in relation to the Public Debt, and to arrange for making such payments as are required in regular course from the Vote of the Department of Finance.

3. To watch generally in consultation with the Minister of Finance and Customs over the financial position of the Dominion; to have constantly under review the amounts received from all forms of taxation and other revenue and the course of expenditure; to see to the keeping of such accounts as will enable him to review not less often than monthly the position of the finances of the Dominion and to forecast revenue and expenditure; to bring forward proposals for economy or for increased or reduced taxation as may be necessary.

4. During the absence from the Dominion or the disability from illness of the Minister of Finance and Customs or during a vacancy in the office of Minister, to exercise the powers and perform the duties relating to the Department of Finance which belong to the Minister of Finance and Customs.

## APPENDIX I.

**NEWFOUNDLAND GOVERNMENT EXCHEQUER ACCOUNT.**  
**Fiscal Year ended 30th June, 1933.**

EXPENDITURE.	\$	\$
<i>Current Expenditure, 1932-33:--</i>		
Interest on Public Debt	5,113,145.28	
Finance Department	444,821.75	
Secretary of State Department	79,365.67	
Public Welfare	218,834.80	
Public Health	280,701.71	
Justice	466,859.89	
Education	509,137.99	
Lands and Fisheries	453,788.73	
Public Works	539,894.81	
Posts and Telegraphs	719,549.22	
Customs	560,267.87	
Assessor	10,471.94	
Board of Pensions	570,139.94	
Old Age Pensions	137,462.50	
Able-Bodied Relief	1,085,000.00	
Newfoundland Railway	<u>150,000.00</u>	11,339,442.12
<i>Loan and other Expenditure, 1932-33:--</i>		
Capital Expenditure, Newfoundland Railway.	20,875.44	
Balance Construction, Memorial College Extension.	30,081.48	
Fishery Research, in aid	12,000.00	
Expenses of Loan, 1932	<u>4,781.52</u>	<u>67,738.44</u>
		11,407,180.56
Credit Balance to 1933-34	.....	<u>291,044.76</u>
		11,698,225.32

RECEIPTS.	\$	\$
By Balance for 1931-32		
<i>Current Revenue, 1932-33:--</i>	.....	297,994.79
Customs	5,710,296.63	
Petroleum Products Fund	302,341.91	
Postal	408,209.00	
Telegraphs	179,610.99	
Crown Lands	141,692.26	
Revenue Stamps	49,080.70	
Board of Liquor Control	177,500.00	
Broom Department	2,666.60	
Fines and Forfeitures	21,612.92	
Fees, Public Institutions	40,401.59	
Assessor's Department	701,381.09	
Estate Duties	36,795.31	
Insurance Licences and Assessments	10,210.36	
Interest on Guaranteed Loans	51,427.24	
Cable Taxes	68,022.20	
Miscellaneous	<u>184,417.73</u>	8,085,666.53

*Loan and other Receipts, 1932-33:--  
1932.*

July.	Balance of proceeds Loan, 1932.	61,983.00	
Oct.	From Savings Bank (Loan repaid)	152,581.00	
Dec. 31.	Loan from H.M. Government in United Kingdom.	625,000.00	
	Loan from Syndicate Banks (Guaranteed by H.M. Government in Canada).	625,000.00	
	<i>1933.</i>		
June 30.	Loan from H.M. Government in United Kingdom.	<u>1,850,000.00</u>	<u>3,314,564.00</u>
			11,698,225.32

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## APPENDIX J.

**BUDGET SPEECH DELIVERED BY HON. F.C. ALDERDICE, PRIME MINISTER, ON  
THURSDAY, 29th JUNE, 1933.**

MR. CHAIRMAN,

In presenting the annual review of the public finances of Newfoundland, I propose to follow the accepted practice by dividing the statement into three parts. The first will deal with the financial results of the fiscal year which ended on 30th June, 1932; and the second with the expected results of the year now about to close. The third part will consist of the budget for the fiscal year from 1st July, 1933, to 30th June, 1934.

Before, however, entering upon my detailed statement, I would like to refer for a moment to the existing economic situation, particularly as it affects this Dominion. No improvement has become visible during the past year in the abnormal, and unprecedented, financial and economic conditions which showed themselves first some years ago, and have since extended over nearly every country in the world. It is true that some slight and hesitant return of business confidence was to be observed during the summer and early fall of 1932. But the movement was short-lived, and in the year as a whole there has occurred a further general decrease in commodity prices and a continued diminution in business activity and in employment; accompanied in some countries by acute financial and banking difficulties which are not likely to facilitate the task of reconstruction. For Newfoundland in particular the renewed decrease in the price of codfish, in the price of newsprint, and in the export of iron ore, combined with adverse exchange conditions, has inevitably had its indirect effect on our Customs revenue which, as is well known, forms the great proportion of the total revenue of the Dominion; while the payments of interest upon loans raised at very high rates in the past, which are out of all proportion to the existing price of money, has subjected the finances of the Dominion to an intolerable strain.

**The Fiscal Year 1931-32.**

I turn now to the first part of my financial statement, namely, revenue and expenditure for the year which ended on 30th June, 1932; and I will compare the estimated revenue and expenditure with the actual results for the year.

The Estimates which were laid before this House at the beginning of the year 1931-32 show the following totals:--

Revenue .....	\$10,010,391.08
Expenditure .....	<u>11,467,146.06</u>
Deficit .....	\$ <u>1,456,754.98</u>

The actual results, however, are given in the following figures:--

Estimated Revenue .....	\$10,010,391.08
Actual Revenue .....	<u>7,931,047.41</u>
Deficit .....	\$ 2,079,343.67
Estimated Expenditure .....	\$11,467,146.06
Actual Expenditure .....	<u>11,960,386.63</u>
Overspending .....	\$ 493,240.57

The failure of revenue to reach the budgetary estimate was due to the fact that Customs

receipts amounted only to \$5,787,051 as compared with the estimate of \$7,750,000. These receipts were less by \$1,678,000 than the Customs receipts in the preceding year.

In regard to expenditure, the estimates included no provision for able-bodied relief, and, although they were reduced by some \$670,000 in the course of the year, partly by savings effected in the various Departments as a result of an Act which reduced most of the Votes by 10 per cent., and partly by additional economies in the first stages of the financial reorganisation during the fall of 1931, expenditure during the year of \$1,170,000 upon able-bodied relief produced an excess expenditure of nearly \$500,000, as I have shown.

The deficit for the year was accordingly \$4,029,339.22. Further details will be available in the tables which will be appended to the printed Budget Speech.

The figures of expenditure, however, which I have just given, cover current expenditure only; that is to say, they do not include items charged to the Capital Account. Expenditure on Capital Account amounted to \$1,675,892.56. This capital expenditure included sums of \$600,000 to meet the deficit on the management of the Railway for the year 1930-31, of \$221,141 for Railway capital expenditure, of \$488,661 for redemption of the Newfoundland Hotel Facilities bonds; together with \$152,581 as a loan to the Newfoundland Savings Bank, which has since been repaid.

The total expenditure of the Dominion for the year ending 30th June, 1932 was, accordingly, \$13,636,279.19.

Apart from borrowing on behalf of the Railway and the Newfoundland Hotel, it was necessary for the then Government, in order to meet the interest on the public debt during the year, to borrow the sum of \$2,200,000 from the syndicate of Canadian Banks composed of the Bank of Montreal, The Royal Bank of Canada, the Canadian Bank of Commerce, and the Bank of Nova Scotia; and, in addition to this, to raise a loan of \$2,500,000, the interest and sinking fund of which are secured by an annual payment by the Imperial Oil Limited in return for a monopoly in the importation of gasoline and other petroleum products.

There was, in addition, during the year 1931-32, a deficit of \$339,000 on the Railway administration for meeting which no provision was made.

## APPENDIX J.

**BUDGET SPEECH DELIVERED BY HON. F.C. ALDERDICE, PRIME MINISTER, ON  
THURSDAY, 29th JUNE, 1933.** (continued)

**Fiscal Year 1932-33.**

For the current financial year, which ends to-morrow, this Government, when it came into office in June, 1932, found the budget already voted. Revenue was placed at \$10,180,000 and expenditure at \$10,150,107.28. The budget accordingly showed a surplus of \$29,892.72.

Before, however, the year had well begun, it was abundantly clear that the estimates of revenue had been framed on an optimistic scale, and that it was most unlikely that the figures laid down in the budget would be reached. For example, Customs revenue had been estimated at \$7,000,000, whereas it appeared impossible that the receipts would amount to more than \$6,000,000; and it is not now expected that they will reach even that figure. Again, receipts from Income Tax had been placed at \$1,000,000, while actual receipts are not likely to exceed \$700,000.

It appeared, similarly that in the case of a number of important items, essential expenditure had been under-estimated. In particular the sum of the year, while in the preceding year, as I have said, no less than \$1,170,000 had been spent under this heading; and, in addition, accounts were still owing which exceeded by a very large amount the provision made in the Estimates.

In these circumstances there was only one course which could be followed. The budget for the year had brought into effect considerable increases in taxation; and it was evident that any further increases would impose an improper restriction upon industry and trade. It was necessary, therefore, to cut down budgetary expenditure, and to do so in the most drastic manner. Certain economies were carried out immediately upon the Government entering office, that is to say, in July; and in September, after the Imperial Conference in Ottawa had come to an end, a comprehensive programme of economies was undertaken as the only practicable means by which it could be hoped that a balanced budget would be maintained.

I give in detail the principal of these economies, which were as follows:--

		<i>Annual Saving.</i>
Salaries and Pensions .....	\$90,000	
War Pensions .....	100,000	
Education .....	200,000	
Post Office .....	120,000	
Public Welfare .....	20,000	
Public Health .....	<u>30,000</u>	
		\$560,000

In addition, a number of minor economies were effected; for example, on the vote for Public Works, on the staff of the Customs Department and on Lighthouse staff, and on many other miscellaneous items.

I feel that I must repeat here the tribute which I have already paid to the patriotism with which these reduction, all of them of a very far-reaching character, and many of them producing considerable hardship, have been accepted. It was particularly repugnant to me to introduce a programme decreasing the payments for our Education Service which had already been so severely cut down in the budget for the year; and to make a still further reduction in the salaries and pensions of the Civil Service. There was, however, in the view of the



Government, no proper alternative to the course which was adopted, to cutting expenditure down to the bone, and indeed in some cases into the bone; in order that the Dominion might show its good faith in the sacrifices which it was determined to make with the object of maintaining its public finances on an honourable basis.

Even these sacrifices, however necessary as they were in the circumstances, were insufficient. Decline in revenue made Newfoundland unable to meet without assistance the payments for interest on the public debt due at the end of December, 1932. It was only possible for these payments to be discharged in full by the loan of \$1,250,000 which, as the Committee will be aware, was made jointly by H.M. Government in the United Kingdom and H.M. Government in Canada. I have already expressed, and would like to express again formally to this House, the great gratitude of the Dominion and of my Government for the assistance which was given.

During the second six months of the financial year the decline in revenue has continued. Since January, 1933, not only have our hopes of an increase sufficient to bring revenue within reasonable reach of expenditure come to nothing; but each month, from February onwards, Customs receipts have fallen seriously short both of the estimates and of the receipts obtained in the corresponding months of 1932. In spite of the measures taken for the reduction of expenditure, and of certain additional reductions carried out in recent months, it has proved a matter of impossibility to carry through the second half of the year without a deficit greater in amount than that for the first six months.

Apart from the decline in revenue, there are, as has been shown by the Supplemental Estimates which have already been voted by the House, two special items on the expenditure side of the budget which have been responsible for a large and unavoidable outlay. The first is able-bodied relief, to which I have already made a passing reference. In the fall of 1931 far-reaching changes were made in the arrangements by which able-bodied relief had previously been administered. Formerly this relief had been confined with some strictness to cases of real and proved necessity, and expenditure had been maintained at a comparatively low level. The new arrangement, under which a network of special officers was extended throughout the country, had the effect of encouraging applications for relief in, I am afraid, numerous cases where it was not deserved, and in a great number of such cases there is no doubt that it was given. The present Government, when it came into office, was compelled to assume responsibility not merely for a large accumulation of accounts owed for relief given in the financial year of 1931-32; but, even worse, for the system itself. Its first step was to terminate the appointments of the officers to whom I have just referred; but it was not possible within any short period, and especially during the severity of winter, to bring an end to the system which had been established or even to modify it to any marked degree. During this month and last, however, steps have been taken by which expenditure on relief will be materially decreased; but that, unfortunately, is for the future only, and it has been necessary for the liabilities of the past to be met. This has greatly increased expenditure during the current financial year.

The second item of special expenditure is upon the Railway administration. I have said that no provision was made for meeting the deficit incurred in the management of the Railway in the preceding year, that is to say, 1931-32; and this deficit was accordingly carried forward as a liability into the current year. In the past, deficits on the Railway administration had invariably been met by the raising of successive loans for the purpose, but the Government are determined that this course shall no longer be followed. Large reductions in Railway expenditure, including the closing of certain stretches of line, have been made during the current year by the Commission which is charged with Railway administration under the Act of 1926; but as in the case of the country as a whole, revenue has fallen far short of expectations. In these circumstances, on the assumption that the Railway is to continue to function as an indispensable element in the life and industry of the community, there has been no alternative to meeting the minimum charges required for operating, materials, etc.; but it has been impossible in the existing financial position to set aside any sums for depreciation or replacement. Having regard then to the revenue position, as I have outlined it, and to inevitable expenditure for which no budgetary provision was made, I anticipate that the outturn for the current financial year will be approximately as follows. Revenue may be

expected to reach the figure of \$8,050,000, of which \$5,700,000 will consist of Customs revenue; that is to say, revenue will be more than \$2,000,000 below the budget estimate of \$10,180,000. Expenditure, including the interest on the public debt, will amount to \$11,431,000. The deficit for the year must accordingly be placed at \$3,381,000. Unfortunate as this result is, I cannot refrain from recording my view that it has been no mean achievement to reduce the deficit for this year by over \$600,000 compared with that for last year in spite of the continued decline in world prices and its effect upon the earning power of our people and on our Customs return; and also of the fact that contributions to the Railway administration have in this year been included in Current Account.

I spoke earlier of the deep appreciation felt by the Government at the aid given to us by H.M. Governments in the United Kingdom and in Canada in order that we might meet the deficit for the first half of the financial year, last December. I am happy to be able to announce that H.M. Government in the United Kingdom propose for the second time to come to our assistance so that the Government may be enabled to meet the deficit in the second half of the year, under similar arrangements for interest and security to those adopted in December. In ordinary circumstances it would not, I think, be proper for us to make any addition to our public debt; but the offer of H.M. Government in the United Kingdom and the presence of the Royal Commission in this country, with the hope that its recommendations will have the effect of placing the finances of the Dominion on a permanently stable basis, have caused the Government's acceptance, and grateful acceptance, of the assistance so placed at their disposal.

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## APPENDIX J.

**BUDGET SPEECH DELIVERED BY HON. F.C. ALDERDICE, PRIME MINISTER, ON  
THURSDAY, 29th JUNE, 1933.** (continued)

**Fiscal Year 1933-34.**

I proceed now to the budget for the financial year beginning on 1st July next; and I will first read to the Committee the figures which show the estimated expenditure of the different Departments of the Government for the year.

Finance .....	837,302	
Secretary of State .....	57,270	
Public Welfare .....	905,362	
Public Health .....	271,800	
Justice .....	459,971	
Education .....	500,000	
Agriculture and Mines .....	60,642	
Marine and Fisheries .....	363,826	
Post and Telegraphs .....	741,063	
Customs .....	414,840	
Public Works .....	588,612	
War Pensions .....	548,690	
Assessor .....	13,687	
Labour .....	<u>1,540</u>	
		5,764,605
Interest on Public Debt .....	<u>5,200,000</u>	\$10,964,605

I have certain comments to make on these figures, but I will begin by saying that each item of expenditure, of which each of these totals is composed has been scrutinised with the utmost care. I hope and believe that, apart from circumstances which it is impossible to foresee at the present time, it will not be necessary to ask for supplemental votes during the course of the year. On the other hand, it would be a matter of extreme difficulty, and indeed in my view impracticable, to carry on the proper administration of the country, even at a minimum level as at present, by an expenditure less than that which is set down under the head of each Department.

In the case of interest on the Public Debt, the sum estimated is \$5,200,000. This total takes account of the premium in respect to those coupons which are payable in New York; and it also includes the additional amount compared with the Estimates for the previous year which, on the present level of exchange, will be required to purchase sterling in order to cover coupons payable in London.

I have given particularly serious thought to the estimates for Public Welfare and Public Health. Great reductions have been made in the cost of these Services during the past twelve months. I have some hopes that further reductions can still be made; but the situation at the present time is somewhat complicated by the fact that this Government, at the beginning of the financial year 1932-33, took over a large arrears of accounts from the previous administration; and although these have now been paid, this has only been done at the cost of certain postponements in the case of accounts since incurred. It is the object of the Government that there shall remain no accounts outstanding by the end of the year now under construction.

In the estimate for Public Welfare is included the sum of \$500,000 for able-bodied relief. As I

have said, the corresponding estimate for the year 1932-33 was of \$50,000 only, a sum far too small to take care of accounts which had already been incurred still less to provide for the continuance of the system of relief already established, which it was impossible to terminate at short notice. The great proportion of the sum of \$500,000 in the Estimates for this year is for the purpose of liquidating outstanding accounts incurred under this system; the remainder we shall use as poor relief in order to deal, on a minimum scale, with proved cases of necessity and destitution as they arise.

In connection not only with able-bodied relief, but with the Welfare and Health votes generally, I wish to emphasize, in the strongest terms, the extreme necessity that for the future the population of this country must be taught not to rely, as they have done for so long in the past, upon the expectation of financial assistance and subvention from the Government in the case of every difficulty, of however small a nature, which is liable to befall them. During the last decade, and indeed longer, this mistaken system of what I may call paternalism has, most unfortunately, done much to sap the initiative of our citizens and to bring them to the frame of mind in which they look upon Government aid as not only available as a right to which they are undoubtedly entitled. This is not merely an incorrect view of the functions of Government; it is a canker which is eating out the hearts of our people, and is a grave menace to the proud spirit of independence on which Newfoundland has been built up in the past. From the budgetary point of view it has only been possible for this aid to be provided at the cost of a continual excess of annual expenditure over annual revenue, and the resulting necessity for raising loans in order to cover these deficits. This practice cannot, and must not, be continued. The only possibility of a real and lasting revival of prosperity in this country depends upon the realization by every member of the population that the qualities of self-help and self-reliance are not a very precious possession, but are indispensable qualities for ensuring the future welfare and independence both of the individual and of the Dominion.

During the last administration, two Departments of the Government, namely, that of Agriculture and Mines and that of Marine and Fisheries, were combined under one Minister. This appeared to me at the time a retrograde measure, and I gave an undertaking that upon this Government coming into office they would proceed to the reconstitution of each of these Departments as a separate entity. This has now been done; and has also been done at a reduction in cost compared with that of the two Departments when they were combined. It seems to me indisputable that, if the management of these Departments is to be efficient, each one must have at its head a man of proved experience in the matters in which the Department is concerned, who is capable of taking a direct and considerable personal share in the Department's administration and in the constructive solution of the problems with which both our agricultural and our fishery industries are confronted at the present time. Lines have now been laid down for a constructive agricultural policy. Further, I have confidence that the provisions of the Salt Codfish Act, which has recently become law, will ensure the co-operation between every section of the fishing industry which I am sorry to say has been sometimes lacking in the past, but is indispensable if we are to regain and maintain our position in the markets of the world. The Committee knows, I expect, how near to my heart is the satisfactory working of the provisions which the passing of this Act has brought into force. When all is said and done, it is upon the fishing industry that the prosperity of the Dominion primarily and nearly exclusively demands; and, if I know our countrymen, I do not think that my appeal for willing and whole-hearted support in the restoration and progressive improvement of this industry will fail.

With a view to furthering the fishing industry during the present season, I am arranging that a sum shall be included in the Estimates for providing outfits and similar necessaries for a number of men of reliable standing who would otherwise not be able to proceed to the fishery; these advances to be repaid, either by the transfer to the Government of fish, or in cash, at the end of the season. The Government also proposes to award prizes in some cases for fish of first-class quality and curing; as to which further details will be issued later.

There appears in the Estimates for the first time a heading for the Department of Labour. As the Committee is aware, this Department was established upon my Government taking office a year ago, and its establishment was recently confirmed by the House. In the view of the Government, the results which are being achieved by the Department amply justify the small

expenditure involved.

In regard to the Education Vote, it is unfortunately necessary that for this year it should be maintained at a total not exceeding \$500,000, that is to say, the sum to which it was reduced last fall from the sum of \$700,000 voted in last year's budget. The necessity for maintaining this low figure is a most unpleasant one, but it is dictated by the present and immediately prospective financial situation. I am glad to acknowledge gratefully the services rendered in difficult circumstances by the fine body of men and women who constitute the teaching profession of this country, and to undertake that restoration at any rate in part of the decreases in salaries which have inevitably been made will be one of the first considerations to which the Government will apply themselves upon an improvement in the financial outlook. At the same time, however, I think it cannot be denied that the present system of teachers' pensions, as distinguished from salaries, is framed on somewhat too generous lines, and I ought to say that I have in mind, not just at the present time, but in the not too distant future, a decrease in the scale of contributions now supplied to the pension fund by the Exchequer, which it appears to me can properly be made. In this reference to Education I would like for a moment to speak in my other capacity as President of the Bureau of Education, and to take the opportunity of recording that I am by no means satisfied that the educational curriculum at present in force, combined with the present system of annual examinations, is entirely in accord with the needs of the children of the country and the employment in which it is hoped they will find themselves when their education is completed. I am hoping that changes will be introduced which will bring the present system into more intimate relation with the country's requirements.

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## APPENDIX J.

**BUDGET SPEECH DELIVERED BY HON. F.C. ALDERDICE, PRIME MINISTER, ON  
THURSDAY, 29th JUNE, 1933.**

**Fiscal Year 1933-34.** (continued)

As will be seen, the estimate for War Pensions shows a decrease compared with that in the budget for 1932-33, and reflects the reductions in pensions carried into effect last autumn subject to a number of adjustments which have been made in cases of special disability. In addition to these adjustments, a larger contribution will be made during the year under the heading of Compassionate Allowance to War Veterans. It is with regret that the Government made these reductions, for we well remember how the sons of Newfoundland responded to the nation's call in her hour of danger and the debt which we owe them.

While I am on the subject of estimates of budgetary expenditure during the forthcoming year, I think that a special reference is desirable to the salaries, and the pensions, of the Civil Service. No one has been more concerned than myself at the severe reductions which have been made in salaries and pensions in the emergency which has confronted the country in the last two years, and no one appreciates more than myself the spirit in which they have been accepted. Apart altogether, however, from this emergency, I cannot help stating that in my view there is a very great need for the reorganisation of the Civil Service. The Service has grown up over a considerable number of years, and in a manner which has by no means been systematic. It will be the object of the Government during the coming financial year to bring into effect a reorganization which, among other things, will adjust more closely the substantive salaries payable to the actual duties carried out, will correlate posts of the same or similar standing in the different Departments, and will modify the existing pension system in order to bring it into a more close correspondence with those systems in force in other countries. During the past year the Government have decided that no appointments to the Civil Service, unless of a purely provisional and temporary nature, shall be made without an educational test, and this test will be maintained. For the future the competence of the individual to carry out those duties to be entrusted to him will be his sole qualification for appointment; and promotion will in every case be based solely upon the individual's ability to undertake responsibilities commensurate with those of his new position.

My last reference to the expenditure side of the Budget concerns the Postal and Telegraph Department, and the Railway Service. Very large reductions have been made in the expenditure of both these Services during the past year. In each of them expenditure has been very much below the figures estimated in July, 1932; and I would like to say here how indebted the Government are to the efforts made by the Commissions which are concerned with the Services, to the Minister of Posts and Telegraphs and the Manager of the Railway. It is, of course, axiomatic that Commercial Services of this kind should balance their revenue and expenditure, with the necessary provision for depreciation, replacements, and interest on capital. But in present economic circumstances, with the serious decline in revenue which has to be faced and the impossibility of reducing expenditure below a certain minimum level without discontinuing the Services altogether, I cannot disguise from myself that apart from a revival in trade to an extent which I dare not anticipate, a certain deficit in these Services must still be expected during the coming year. It would be foolishness, and indeed dishonesty, to pretend otherwise; and to concoct a worthless equilibrium between revenue and expenditure. I have hopes that when more normal conditions are restored, both the Postal Telegraph Service and the Railway will not only balance their accounts, but will produce an annual surplus; although for a time at least, I suppose, not one of any considerable amount. The present Estimates are based upon the most careful examination of the prospective situation and cover only the minimum payments necessary to keep the Services in being.

So much, then, for the expenditure side of the budget for the forthcoming year. The figures of estimated revenue for the year are as follows:--

Customs .....	\$6,400,000	
Petroleum Royalty .....	300,000	
Income Tax .....	680,000	
Posts and Telegraphs .....	597,000	
Cable Tax .....	68,000	
Revenue Stamps .....	42,000	
Crown Lands .....	104,250	
Death Duties .....	40,000	
Insurance Assessments and Life Insurance Taxes ..	11,000	
Fines .....	23,000	
Fees and Receipts from Public Institutions .....	63,588	
Board of Liquor Control .....	200,000	
Miscellaneous .....	170,500	
Interest on Guaranteed Loan .....	<u>120,000</u>	
		\$8,819,338

This total, namely, \$8,819,338, is to be compared with the estimate of \$10,180,000 for the current year and the actual expected figure of \$8,050,000 for the year. As I stated earlier, the revenue figures for the current year were seriously over-estimated, and they have fallen short of expectations by more than \$2,000,000. For the coming year the Government have been at pains to ensure that this over-estimation shall not be repeated, and all sources of revenue have been most carefully examined with a view to as exact an estimate as possible being prepared. The tabular statements, which will be annexed to the printed Budget, will show in detail the Estimates under each head of revenue, compared with the expected revenue for the current year and the Estimates for the year which were laid before the Committee when the Budget for the year 1932-33 was introduced.

It will be seen from the figures which I have just read that out of the total estimated revenue of \$8,819,338, I anticipate that Customs duties will produce the sum of \$6,400,000. On the subject of these duties I must refer first to the provisional Agreement made with H.M. Government in the United Kingdom on August 20th, 1932, as the result of the Imperial Economic Conference held in Ottawa last summer. I propose later to-day to bring forward a Resolution that this Agreement be approved by the House and that it be brought into effect to-morrow.

I think that the Committee is well aware of the general terms of the Agreement. It provides first for the continued free entry into the United Kingdom of Newfoundland goods, as compared with the duty, normally of 10 per cent, which was imposed at the beginning of 1932 on a very wide range of imports into the United Kingdom. Further, in order to assist the trade of the Dominion, the Government of the United Kingdom have agreed to the imposition of a special duty on all foreign importations of cod liver oil and of chilled or frozen salmon. The Dominion is confirmed in all the privileges which we at present enjoy in the markets of the Colonies and Protectorates, including the preference on our codfish in the West Indies; and we shall receive, generally, any preference which may be granted by any Colony or Protectorate in any other part of the British Empire.

In return for these concessions, which will be of particular value to us in building up our cod liver oil and salmon industries, the Dominion has accorded to the Government of the United Kingdom a range of preferences which covers sixty-one items of the Customs tariff; these include for the most part articles of hardware, certain types of textiles, and a number of miscellaneous items. Generally speaking, the Colonies and Protectorates will also receive the preferences given to the United Kingdom, and in the case of five articles of interest to the Colonies, a special preference has been arranged.

Further, it was agreed that a general revision of the Customs tariff of the Dominion now in force is to be carried out. Resolutions will be submitted to-day, covering a number of items in the tariff, which are designed in the main to remove existing anomalies. The Government

propose to complete the revision at a very early date; but I would like to take the present opportunity of giving an assurance that it is being undertaken with a view to simplification only, and not for the purpose of imposing any additional burden of taxation. The body of the present tariff has grown up by degrees, rather as circumstances dictated from time to time than in accordance with any scientific or systematic method. Its simplification is much needed and will be systematically undertaken.

There is, in addition, the proviso in the agreement that, if and in so far as budgetary considerations permit, the Government will make provision for new and more favourable conditions in regard to the valuation of the pound sterling for Customs purposes. The Government have been in some doubt whether it would be proper in the existing financial situation that this proviso should be carried into effect; but the clause, although it may be called optional in form, is an integral part of the Agreement, and in all the circumstances the Government have decided to take legislative provision enabling the necessary action for revaluation to be taken but to defer for the present the question of its application.



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**BUDGET SPEECH DELIVERED BY HON. F.C. ALDERDICE, PRIME MINISTER, ON  
THURSDAY, 29th JUNE, 1933.**

**Fiscal Year 1933-34.** (continued)

The Government have been much disappointed that the discussions which took place at the Ottawa Conference concerning the utilization of Wabana iron ore in the United Kingdom have, so far, had no practical result. It is true that an informal arrangement was made during the Conference that the Treaty with the United Kingdom as a whole would not necessarily come into effect unless a satisfactory agreement with the United Kingdom iron importers as regards the use of iron ore from Newfoundland in the United Kingdom could be concluded. After careful consideration, however, it has appeared to the Government expedient that the Agreement should be ratified nevertheless; but close negotiations are being continued with the view to the export of Wabana iron ore to the United Kingdom, and I am still hopeful that they may come to a successful issue.

Apart from the Ottawa Agreement, there are certain other matters pertaining to Customs administration which I propose to pass in very brief review. In January last an Order in Council was issued giving authority to the Department of Customs to collect a special duty in the case of goods of which the value was expressed in depreciated currencies, together with the right to value goods at a figure equal to the value of similar goods manufactured in the British Empire. This course was necessary owing to the large depreciation in the value of certain currencies, with the result that foreign goods were being imported at very cheap rates, revenue was correspondingly affected and the United Kingdom and Canada and the West Indies were placed at a disadvantage. The Customs Act and the Revenue Act have been amended in accordance with this Order in Council, so that the Order to-day becomes law and retroactive to January 9th last. I ought to add that as a result of the Ottawa Agreement, this special duty is not applicable to depreciated currencies within the Empire.

In connection with the question of valuation, it is relevant to say that the Government are taking special steps for an improvement in the existing methods of appraisalment at such settlements as Grand Falls, Bishop's Falls, Buchans, and Corner Brook.

New measures are also being taken to increase the efficiency of the Preventive Service. I would prefer not to go into details on this subject; but I expect, as the result of these measures, an increase in revenue which will be by no means negligible.

I said a few moments ago that the Government had gone very carefully into the figures of prospective revenue with a view to any over-estimation being avoided. I think it is reasonable to estimate receipts from Customs duties at \$6,400,000 for the year 1933-34 as compared with the sum of \$5,700,000 expected in the year now current. At the present time it happens that we in this Dominion are living in a state of some uncertainty not merely concerning the general prospective economic situation, but as to conditions which, it may be thought, are liable to affect the future of this country in particular. This double uncertainty has had the effect of diminishing for the time the volume of imports, and the resulting amount of Customs revenue. I think, however, that I have good reason to anticipate that this uncertainty will be only of a temporary nature; and that it may reasonably be expected that in the coming year we shall obtain sufficient receipts from Customs duties to reach the figure of \$6,400,000 which I have estimated. Indeed, it is not impossible that this figure may be exceeded. This estimate is, of course, exclusive of the minimum sum of \$300,000 which the Dominion will receive from the Imperial Oil Company under the provisions of the Act passed last year.

In regard to Income Tax, as I said earlier in this statement, the estimate of receipts from this

source for the current year was placed at \$1,000,000; while the actual receipts will amount to some \$700,000. During this year it was necessary for business enterprises in Newfoundland to operate with a reduction of \$3,500,000 in earnings, together with losses amounting to \$1,500,000, this being reflected in a reduction in personal incomes of some \$2,000,000. For the present the Government propose to make no change in the Income Tax Act, except to correct an anomaly relating to capital profits and losses. Hitherto, losses on stocks and capital have been taken into consideration in the calculation of tax payable. From now onwards both profits and losses will be excluded from consideration. I believe that Newfoundland is the only country which has continued to recognize such losses, which are manifestly not primarily losses of income; and I think it is reasonable that the State should no longer shoulder a burden which it is ill able to afford by taking over from the individual a portion of such losses by way of relief from taxation. As to the estimated receipts from Income Tax for the coming year, I propose to take what I think is a conservative estimate of \$680,000.

Similarly, in the case of other receipts, the Government have worked upon a conservative basis, and have not in general considered it desirable in their Estimates for the coming year to diverge materially from the expected receipts for the current year; comparative tables will be given in the printed Budget. I think, or at any rate I hope, that the Committee will commend the spirit of caution in which the Estimates, both of revenue and expenditure, for 1933-34 have been prepared.

I have estimated expenditure for the coming year at \$10,964,605, a total which includes sums such as prospective contributions from the Exchequer to the Railway administration, which in former years were reckoned as belonging to Capital Account and financed by means of loans. It appears to me impossible for this total to be reduced if the administration of the country is to continue, even at a minimum level of subsistence. We must await more fortunate times before the total can be increased.

As against this figure of \$10,964,605 for expenditure, the revenue expected to be available is \$8,819,338--a difference of \$2,145,267. I would repeat that, in the same way as each item of expenditure has been examined most carefully with view to possible reduction, receipts from every source have been subjected to strict scrutiny in order to ensure that the maximum yield is obtained. It need hardly be said, I think, that in the past few months the Government have given anxious consideration to the question whether any increases in taxation could reasonably, and profitably, be imposed. They are convinced, however, that, just as I have to say with regret that in existing circumstances no reduction in taxation would be justifiable upon trade and industry, and without such a burden upon all classes of the community, that the object in view would be defeated.

I forecast, therefore, a deficit of \$2,145,267 for the year 1933-34, as compared with the deficit of \$3,381,000 estimated for the current year and the deficit of \$4,029,339 for the year 1931-32. I think it will be understood that, especially in the existing economic position, it is impossible to transform, as it were by some process of magic, the large deficits of past years into a surplus, or even into a balance between revenue and expenditure, at least if the budget is to be presented with a due regard to the realities of the situation.

Nevertheless, although we are suffering to-day from the folly of previous administrations in wasteful and reckless expenditure, it seems to me that we may approach the coming year with some measure of confidence.

Since they came into office the Government have received no little encouragement in the efforts which they have made to correct the extravagance of the past and to place the finances of the Dominion on a basis which would give no ground for reproach, and would deserve the commendation of the Empire of which it forms a part. In the immediate future, we await the recommendations of the Royal Commission, certain that they will have given the most careful thought to the problems with which we have to deal, and will apply to them the expert knowledge, and full understanding of our situation, which they possess. I think, therefore, it will be both proper, and acceptable to the Committee, that I should defer the proposals of the Government for reaching a balance between revenue and expenditure in the coming year until the Commission have come to their conclusions, which we may expect to be available before

the fiscal year is well advanced. If we look a little further ahead than this, we cannot do otherwise than look forward to a time, which I hope and believe is not far distant, when revived commercial confidence and credit, an increase in world prices, and a stable market for the commodities which we produce, will make possible the renewal of Newfoundland's prosperity.

## APPENDIX K.

**UNITED KINGDOM--NEWFOUNDLAND AGREEMENT NEGOTIATED AT THE IMPERIAL ECONOMIC CONFERENCE, OTTAWA, 1932.**

WE, the representatives of His Majesty's Government in the United Kingdom and of His Majesty's Government in Newfoundland hereby agree with one another, on behalf of our respective Governments, as follows:--

## ARTICLE 1.

His Majesty's Government in the United Kingdom undertake that Orders shall be made in accordance with the provisions of Section 4 of the Import Duties Act, 1932, which will ensure the continuance after the 15th November, 1932, of entry free of duty into the United Kingdom of Newfoundland goods which comply with the law and statutory regulations for the time being in force affecting the grant of Imperial preference, and which by virtue of that Act are now free of duty, subject however to the reservations set forth in Schedule A appended hereto.

## ARTICLE 2.

His Majesty's Government in the United Kingdom will invite Parliament to pass the legislation necessary to impose on the foreign goods specified in Schedule B appended hereto the duties of customs shown in that Schedule in place of the duties (if any) now leviable.

## ARTICLE 3.

His Majesty's Government in the United Kingdom undertake that the general *ad valorem* duty of 10 per cent. imposed by Section I of the Import Duties Act, 1932, on the foreign goods specified in Schedule C shall not be reduced except with the consent of His Majesty's Government in Newfoundland.

## ARTICLE 4.

His Majesty's Government in the United Kingdom will invite the Governments of the non-self-governing Colonies and Protectorates to accord Newfoundland any preference which may for the time being be accorded to any other part of the British Empire, provided that this Clause shall not extend to any preferences accorded by Northern Rhodesia to the Union of South Africa, Southern Rhodesia, and the Territories of the South African High Commission by virtue of the Customs Agreement of 1930.

## ARTICLE 5.

His Majesty's Government in Newfoundland will invite Parliament to pass the legislation necessary to secure to United Kingdom goods of the kinds specified in Schedule D the margins of preference over similar foreign goods shown in that Schedule, with effect from the 1st July, 1933.

## ARTICLE 6.

His Majesty's Government in Newfoundland will undertake a general revision of the customs tariff to come into force as from the 1st July, 1933, and, if and in so far as budgetary considerations permit, will incorporate in the legislation which Parliament will be invited to pass, giving effect to such revision, provision for new and more favourable conditions in regard to the valuation of the pound sterling for customs purposes.

ARTICLE 7.

His Majesty's Government in Newfoundland will invite Parliament to pass the legislation necessary to accord to the non-self-governing Colonies and Protectorates, and the Mandated Territories of Tanganyika, the Cameroons under British Mandate, and Togoland under British Mandate, preferences on the commodities and at the rates shown in Schedule E, and also any preferences for the time being accorded to the United Kingdom if His Majesty's Government in the United Kingdom so request. Provided that His Majesty's Government in Newfoundland shall not be bound to accord any preferences to any Colony or Protectorate which, being precluded by international obligations from according preferences, either (i) accords to Newfoundland no preferences, or (ii) accords to some other part of the Empire (in the case of Northern Rhodesia, excepting the Union of South Africa, Southern Rhodesia and the Territories of the South African High Commission) preferences not accorded to Newfoundland.

ARTICLE 8.

If under the terms of the Newfoundland-Jamaica Agreement at present in force either party would be entitled to any greater margin of preference than is hereby agreed, the parties to that Treaty shall continue during its currency to enjoy the benefits therein provided.

ARTICLE 9.

This agreement between His Majesty's Government in the United Kingdom and His Majesty's Government in Newfoundland is to be regarded as coming into effect as from the date hereof (subject to the necessary legislative or other action being taken as soon as may be practicable hereafter). It shall continue in force for a period of five years, and if not denounced six months before the end of that period shall continue in force thereafter until a date six months after notice of denunciation has been given by either party.

In the event of circumstances arising which, in the judgment of His Majesty's Government in the United Kingdom or of His Majesty's Government in Newfoundland, as the case may be, necessitate a variation in the terms of the agreement, the proposal to vary those terms shall form the subject of consultation between the two Governments.

Signed on behalf of His Majesty's Government in the  
United Kingdom:

STANLEY BALDWIN.

Signed on behalf of His Majesty's Government in  
Newfoundland:

F.C. ALDERDICE.

(Initialled) R.B.H. *August* 20, 1932.

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## APPENDIX K.

**UNITED KINGDOM--NEWFOUNDLAND AGREEMENT NEGOTIATED AT THE IMPERIAL  
 ECONOMIC CONFERENCE, OTTAWA, 1932.** (continued)

## SCHEDULE A.

As regards eggs, poultry, butter, cheese and other milk products, free entry for produce of Newfoundland will be continued for three years certain. His Majesty's Government in the United Kingdom, however, reserve to themselves the right, after the expiration of the three years, if they consider it necessary in the interests of the United Kingdom producer to do so, to review the basis of preference, so far as relates to the articles enumerated, and, after notifying His Majesty's Government in Newfoundland either to impose a preferential duty on produce of Newfoundland, whilst maintaining existing preferential margins, or, in consultation with the Newfoundland Government, to bring such produce within any system which may be put into operation for the quantitative regulation of supplies from all sources in the United Kingdom market.

## SCHEDULE B.

Cod-liver oil ..... 1s. 4d. per gallon.  
 Chilled or frozen salmon ..... 1½d. per lb.

## SCHEDULE C.

Cod fish.  
 Marine shell.

## SCHEDULE D.

(References are to the current Newfoundland Customs Tariff.)

The margin of preference to be granted will be 10 per cent. *ad valorem* in each case, except in the cases marked\*, where His Majesty's Government in Newfoundland reserve the right to grant a lesser margin of preference if the grant of a preference of 10 per cent. *ad valorem* would involve loss of revenue.

- (1) Article 61. Lard for manufacturing.
- (2) Article 61. Lard compound, lard, etc.
- (3) Article 72. Confectionary costing less than 18¢ per lb. and over.
- (4) Article 72. Confectionary costing 18¢ per lb. and over.
- (5) Article 72. Confectionary to be sold *bona fide* in bars and packages retailed at 5¢.  
 (NOTE.--The preference on items (3), (4) and (5) applies to the *ad valorem* part of the duty and not to the specific part.)
- (6) Article 101. Linseed or flaxseed oil, etc.
- (7) Article 138. Iron and steel railway bars, wheels, etc.
- (8) Article 140. Iron or steel pipe fittings and steel wire.
- (9) Article 157. Mild steel, etc., N.E.S.
- (10) Article 161. Manufactures of brass and bronze, N.E.S., etc.
- (11) Article 168. Tin, babbitt metal, solder, etc.
- (12) Article 176. Saws, axes, adzes, hammers and tools of all

kinds.

- (13) Article 177 (b). \*Hardware, cutlery, etc.
- (14) Article 177 (c). \*Skates, safes and doors, flat irons, etc.
- (15) Article 177 (d). \*Lamps, Lanterns, gas and oil stoves, etc.
- (16) Article 177 (e). \*Hardware: Builders' hinges, hardware, screws, etc.
- (17) Article 180. \*Agate, enamelled and steel hollow-ware, etc.
- (18) Article 187. Electric motors and generators, electric lamps, etc.
- (19) Article 194. \*Hand and power machinery costing up to \$100.
- (20) Article 195. Hand and power machinery costing over \$100.
- (21) Article 196. Office and domestic machinery, typewriters, etc.
- (22) Article 197. Wood-working machinery, radiators, etc.
- (23) Article 200. Machinery: Fish presses, winches, etc.
- (24) Article 201. Special machinery for manufacturers costing not less than \$300.
- (25) Article 198. \*Machinery and parts of machinery, N.E.S. (including tools for drilling, piercing, tapping and reaming work).
- (26) Article 222. \*Manufactures of cotton, quilts, sheets, towels, gloves, hosiery of cotton, cretonnes, etc.
- (27) Article 222 (a). Manufactures of cotton, piece-goods of cotton, Italian cloth, coat linings, etc.
- (28) Article 224. \*Manufactures of wool, viz., wool hosiery, gloves, blankets, knitted shirts, sweaters, etc.
- (29) Article 224 (a). Manufactures of wool, piece-goods of flannels, serges, cashmeres, tweed, cloths, etc.
- (30) Article 228. \*Linen manufactures: Linen damask, stair linen, etc.
- (31) Article 231. \*Piece-goods: Velvets and silks in the piece--not made up.
- (32) Article 230. Cotton sewing thread, buttons, needles, etc.
- (33) Article 231 (a). \*Manufactures of velvets and silks.
- (34) Article 229. Haberdashery: Flowers, ribbons, corsets, laces, etc.
- (35) Article 233. Ready-mades, clothing of all kinds, collars and cuffs.
- (36) Article 236. \*Leather boots and shoes.
- (37) Article 239. \*Hats and caps.
- (38) Article 242. Acetic acid, medicines, etc.
- (39) Article 243. Dye-stuffs.
- (40) Article 246. Painters, colours, varnishes, putty, etc.
- (41) Article 247. Sole leather in the hide or side.
- (42) Article 247. All other upper leathers, N.E.S.
- (43) Article 251. Leather belting.
- (44) Article 257. Printing paper for printers.
- (45) Article 258. Printing paper, N.E.S., toilet and writing paper, paper bags, unprinted.
- (46) Article 262. Firearms, guns, rifles, cartridges, cases, etc.
- (47) Article 266. Knife brick and polish of all kinds.
- (48) Article 273. Automobiles or motor cars.
- (49) Article 273. Rubber tyres and tubes.
- (50) Article 277. Cordage of all kinds, N.E.S.
- (51) Article 279. Stoppers of all kinds.
- (52) Article 282. Fancy-wares.
- (53) Article 285. Matches.
- (54) Article 290. Musical instruments.

- (55) Article 292. Oilcloth, linoleum, etc.
- (56) Article 294. Perfumery, hair oil, tooth and other powders.
- (57) Article 300. Soap.
- (58) Article 306 (a). Stationary, erasing rubbers, pens, pencils, etc., N.E.S.
- (59) Article 306 (d). Printed music.
- (60) Article 307. Toys, dolls, sleds, games, etc.
- (61) Article 205. Mining equipment, dynamite, etc.

SCHEDULE E.

Commodities.	Margin of Preference.
Coffee, green, roasted, or ground .....	2¢ per lb.
Fruit: Oranges, lemons, etc. ....	10 per cent. <i>ad valorem</i> .
Coconut, desiccated, sweetened, or not ....	4¢ per lb.
Tea .....	4¢ per lb.
Vegetables, raw: viz., tomatoes .....	20 per cent. <i>ad valorem</i> .

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*Copy of correspondence between Mr. Baldwin and Mr. Alderdice regarding the use of Newfoundland Wabana Iron Ore in the United Kingdom.*

*Parliament Buildings,  
Ottawa, August 18, 1932.*

Dear Prime Minister,

MY colleagues and I recognise that an arrangement between the interests concerned for the importation into the United Kingdom of a substantial quantity of Wabana iron ore is of paramount importance to the economic life of Newfoundland.

We therefore give you our assurance, on behalf of our Government, that we shall regard the last paragraph of Article 9 of the Agreement which is being concluded between His Majesty's Government in the United Kingdom and His Majesty's Government in Newfoundland as entitling the Government of Newfoundland to give us notice that they are unable to implement the Agreement, other than Articles 4, 7, and 8 and Schedule E, on the ground that a satisfactory arrangement between the interests concerned as regards the importation of such ore into the United Kingdom has not been concluded.

In that event it is understood between us that the Agreement, other than Articles 4, 7 and 8 and Schedule E, will be regarded as at an end.

I shall be glad to learn from you at your early convenience whether you concur that this correctly represents our understanding.

Yours sincerely,  
(Signed) STANLEY BALDWIN.

The Prime Minister of Newfoundland,  
Room 340, Parliament Buildings, Ottawa.

*Ottawa, August 18, 1932.*

Dear Lord President,

I have received your letter of to-day's date regarding the Agreement between our respective



Governments and I agree with you that your letter correctly represents the understanding between us.

Yours sincerely,  
(Signed) F.C. ALDERDICE.

The Right Hon. Stanley Baldwin, M.P.

## APPENDIX L.

**London Stock Exchange quotations for certain Newfoundland Government Securities.**

	3½ PER CENT. STERLING STOCKS. 1947-8 & 1951. Yearly or daily range of prices.	3½ PER CENT. STERLING STOCKS. 1947-8 & 1951. Month of lowest.	5 PER CENT. STOCK, 1949. Yearly or daily range of prices.	5 PER CENT. STERLING STOCK, 1949. Month of lowest.
Year 1922	81 -- 61	January	---	---
" 1923	84¾ -- 73 5/8	January	---	---
" 1924	80 7/8 -- 72	January	---	---
" 1925	79½ -- 75	July	---	---
" 1926	79 -- 75	January	103 -- 100	January
" 1927	81 -- 75½	January	103 -- 98¾	January
" 1928	82½ -- 79	January	103½ -- 100	January
" 1929	82¼ -- 74½	October	103 -- 98	September
" 1930	83¾ -- 77½	January	105 -- 97 1/8	January
" 1931	85 -- 58	November	103¾ -- 82½	October
" 1932	88 -- 55½	February	104½ -- 70	June
11. 1.33	79 -- 74	---	98 -- 93	---
13. 2.33	80 -- 72	---	99 -- 96	---
13. 3.33	77 -- 72	---	97 -- 94	---
8. 4.33	78 -- 72	---	98 -- 95	---
12. 5.33	78 -- 72	---	96 -- 93	---
12. 6.33	78 -- 72	---	96 -- 93	---
10. 7.33	73 -- 68	---	93 -- 88	---
25. 8.33	78 -- 77½	---	95	---
11. 9.33	73 -- 78	---	92 -- 96	---
9. 10.33	77¾	---	95½ -- 96	---

*Note.*--Authoritative information of a similar kind as to the prices of Newfoundland Government securities in New York is not available.

## APPENDIX M.

**Iron ore Shipments from Bell Island, Newfoundland (in long tons).**

Year	Canada	Great Britain and Europe	United Kingdom	United States of America	Total	Total to date
1895	2,399	---	---	---	2,399	2,399
1896	15,547	---	---	20,359	35,906	38,305
1897	10,844	5,046	---	29,503	45,393	83,698
1898	30,917	70,224	---	---	101,141	184,839
1899	23,496	191,398	---	87,947	302,841	487,680
1900	174,588	13,194	---	137,403	325,185	812,865
1901	408,158	249,238	---	75,273	732,669	1,545,534
1902	336,056	304,888	---	86,355	727,299	2,272,833
1903	244,042	256,999	---	81,005	582,046	2,854,879
1904	306,040	266,733	---	5,380	578,153	3,433,032
1905	452,589	228,478	---	5,795	686,862	4,119,894
1906	560,940	190,988	(61,908)	126,675	878,603	4,998,497
1907	600,597	149,197	(64,888)	110,706	860,500	5,858,997
1908	637,398	178,629	(36,630)	53,162	869,189	6,728,186
1909	622,482	153,347	(63,409)	215,397	991,226	7,719,412
1910	722,224	181,750	(49,804)	220,876	1,124,850	8,844,262
1911	658,374	211,649	(82,540)	185,023	1,055,046	9,899,308
1912	854,117	164,001	(11,685)	171,258	1,189,376	11,088,684
1913	936,258	292,986	(121,815)	204,855	1,434,099	12,522,783
1914	372,746	154,487	(58,502)	38,857	566,090	13,088,873
1915	716,293	59,226	(59,226)	---	775,519	13,864,392
1916	905,170	---	---	---	905,170	14,769,562
1917	783,130	---	---	---	783,130	15,552,692
1918	763,738	---	---	---	763,738	16,316,430
1919	449,230	---	---	---	449,230	16,765,660
1920	556,614	32,775	(6,750)	---	589,389	17,355,049
1921	152,700	155,602	(5,550)	---	308,302	17,663,351
1922	276,360	722,105	---	---	998,465	18,661,816
1923	418,375	272,591	(65,475)	46,340	737,306	19,399,122
1924	155,895	821,400	(15,135)	---	977,295	20,376,417
1925	343,567	788,443	---	---	1,132,010	21,508,427
1926	416,037	330,135	---	119,544	865,716	22,374,143
1927	429,248	845,151	---	61,030	1,335,429	23,709,572
1928	616,354	894,493	(27,540)	37,048	1,547,895	25,257,467
1929	681,400	759,259	(5,330)	76,340	1,516,999	26,774,466
1930	467,784	661,406	---	48,771	1,177,961	27,952,427
1931	209,061	473,284	(33,720)	22,920	705,265	28,657,692
1932	---	148,485	---	---	148,485	28,806,177

*Note.*--Shipments shown under column for "United Kingdom" are also included in the shipments shown in column "Great Britain and Europe."

## APPENDIX N.

**City of St. John's.**  
**Outstanding Loans as on 31st December, 1932.**

Loans from the Government of Newfoundland:--		\$	\$
At 3½ per cent. interest .....	140,000		
At 4 " " .....	1,045,280		
At 5½ " " .....	11,129		
At 6½ " " .....	<u>452,495</u>	1,648,904	
Loan from Newfoundland Savings Bank			
at 6 per cent. ....		1,600	
Loan from Royal Bank of Canada (guaranteed			
by Newfoundland Government) at 6 per cent. ....		455,428	
Loan from the Royal Bank of Canada at 6			
per cent. ....		84,382	
Loan from Syndicate Banks (guaranteed by			
Newfoundland Government) at 6 per cent. ....		89,000	
Loan due 1947(subscriptions to date) at 6			
per cent. ....		<u>71,000</u>	
			<u>\$2,350,314</u>

The yearly interest on the above amounts to \$118,818.

**Estimated Revenue, St. John's Municipal Council,**  
**for the year 1933.**

City Tax, Stock, Ground Rent and Vacant	
Lands Tax .....	\$340,239.70
Government Buildings .....	5,000.00
Property Assessments (Special) .....	21,514.68
Customs Coal Duties .....	65,000.00
Customs Water Rates .....	5,000.00
Interest on Overdue Taxes .....	1,500.00
Water by Special Arrangement .....	1,000.00
Water Supplied Vessels .....	12,000.00
Water Supplied by Meter .....	10,000.00
Crown Rents .....	3,000.00
Ground Rents .....	540.00
Property Rents .....	151.00
Bank Tax .....	10,000.00
Trust Companies' Annual Tax .....	750.00
Theatrical Tax .....	8,000.00
Fire Insurance Co.'s Licences .....	8,600.00
Fire Insurance Co.'s Premium's Tax .....	8,500.00
Life Insurance Co.'s Annual Tax .....	1,200.00
Marine Insurance Co.'s Licences .....	500.00
Accident Insurance Co.'s Licences .....	1,900.00
Automobile Insurance Co.'s Licences .....	300.00
Telegraph Co.'s Tax .....	800.00
Cable Co.'s Tax .....	250.00

Telephone Co.'s Tax .....	4,500.00
Street Railway Co.'s Tax .....	2,200.00
Commercial Travellers' Tax .....	2,000.00
Billiard Table Tax .....	260.00
Bowling Alley Tax .....	100.00
Junk Dealers' Licence .....	25.00
Poll Tax .....	3,000.00
Motor Car and Cycle Tax, Driver's Licences and Garage Licences .....	14,000.00
Horse Taxes .....	1,600.00
Dog Licence Fees .....	1,000.00
Pound Fees .....	100.00
Auctioneer's Licence Fees .....	300.00
Plumber's Licences, Master .....	120.00
Plumber's Licences, Journeyman .....	50.00
Smoke Testing .....	300.00
Taxi Drivers' Licences .....	1,200.00
Sewer Permits .....	100.00
Removal of Ashes .....	800.00
Grazing Rent .....	150.00
Regatta Course Rents .....	<u>100.00</u>

\$537,650.38

---

**Estimated Expenditure, St. John's Municipal Council,  
for the year 1933.**

Interest on Funded Debt .....	\$76,735.48
Interest on Loans .....	27,500.00
Interest on Debentures .....	30,000.00
Sinking Fund on Debentures .....	24,056.90
Contribution to Fire Department .....	14,000.00
Sanitary Department .....	45,000.00
Roads and Bridges .....	70,000.00
Street Lighting .....	27,000.00
Water Works .....	25,000.00
Sewerage .....	13,000.00
Parks and Open Spaces .....	12,000.00
Salaries: City Clerk's Department .....	16,500.00
Salaries: Engineer's Department .....	8,000.00
Appraisers .....	3,570.00
Collection of Coal Duties .....	100.00
Auditor General .....	600.00
Office Maintenance .....	6,000.00
Office Expenses .....	4,000.00
Engineer's Contingencies .....	500.00
Stores Expenses .....	1,500.00
Collection of Tax Arrears .....	2,000.00
City Solicitor .....	2,880.00
Town Planning Secretary .....	600.00
Health Officers .....	1,380.00
Mayor and Councillors .....	4,000.00
Pensioners .....	15,000.00
Labour Insurance .....	1,000.00
Community Nursing Service .....	1,000.00
Mobile Water Power .....	100.00
Pound Services .....	1,200.00
Election Expenses .....	6,000.00
Motor Truck Loan Sinking Fund .....	2,428.00

Reserve for Discounts on Taxes .....	25,000.00
Reserve for Uncollectible Taxes .....	20,000.00
Bank Overdraft .....	<u>50,000.00</u>

\$537,650.38

**Consolidated Balance Sheet, City of St. John's, 31st December, 1932.**

ASSETS		
1. Lands, Buildings, Equipment and Permanent Improvements .....		\$2,533,739.56
2. Stores	\$18,891.44	
3. Tools and small equipment	7,165.54	
4. Insurance prepaid	<u>48.32</u>	26,105.30
<i>Cash on hand and in Bank:--</i>		
5. Cash on hand	200.00	
6. In Royal Bank of Canada (Housing Scheme)	2,815.26	
7. In Royal Bank of Canada (Loan Subscription Account)	51.27	
8. In Bank of Montreal (balance Temporary Loan Account)	<u>4,685.73</u>	7,752.26
<i>Sundry Debtors:--</i>		
9. Due on Taxes and Miscellaneous Revenue	202,133.27	
10. Due on Water and Sewerage Installed (Small Homes, 1910)	445.27	
11. Due on Water and Sewerage Installed (Small Homes, 1930)	40,371.50	
12. Due on Water and Sewerage Installed (Small Homes, 1932)	9,816.51	
13. Due on Housing Scheme	1,956.67	
14. Due on local and private Improvements	<u>4,444.23</u>	
Total Accounts Receivable	259,167.45	
15. Less Reserve for bad Debts Taxes	129,381.76	
16. Less Reserve for Interest charged on Sewerage Installation	<u>6,123.08</u>	
	135,504.84	
Net Value set on Accounts Receivable .....		<u>123,662.61</u>
TOTAL ASSETS .....		\$2,691,259.73
17. Showing Balance as Deficit .....		98,791.39
		<u>\$2,790,051.12</u>

**Consolidated Balance Sheet, City of St. John's, 31st December, 1932.**

LIABILITIES		
<i>Loans:--</i>		
A. From Newfoundland Government	\$1,648,904.54	
B. From Savings Bank	1,600.00	
C. From Royal Bank of Canada (Guaranteed by Government)	455,428.00	
D. From Royal Bank of Canada	74,564.97	
E. From Royal Bank of Canada (Small Homes, 1932)	9,816.51	
F. From Syndicate Banks (Guaranteed by Government)	89,000.00	
G. Subscriptions received for Loan due 1947	<u>71,000.00</u>	

Total Loans	.....	\$2,350,314.02
H. <i>Interest Accrued</i> :--		
On Loans	2,934.10	
On Loans due 1947	<u>1,775.00</u>	4,709.10
I. <i>Cash Over</i> :--		
This amount	.....	107.59
<i>Sundry Creditors</i> :--		
J. Royal Bank of Canada--overdraft	56,610.38	
K. Sundry Creditors (Warren, etc.)	65,018.66	
L. Newfoundland Government--due on Interest, etc.	<u>43,365.46</u>	<u>166,994.50</u>
TOTAL LIABILITIES	.....	\$2,522,125.21
M. In addition to the above the following Reserves have been set up:--		
<i>General Funds Reserve</i> -- being for expenditure on permanent works (Capital Fund) out of General Funds	197,587.07	
<i>Sinking Funds Reserve</i> -- being for transfer of money from Loans for capital expenditure to General Funds	<u>70,338.84</u>	<u>267,925.91</u>
		\$2,790,051.12

## Amulree Report

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The Royal Warrant

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## MAPS

No.1.--Map showing Electoral Districts (1932) and Population.

No.2.--Map showing Religious Denominations.

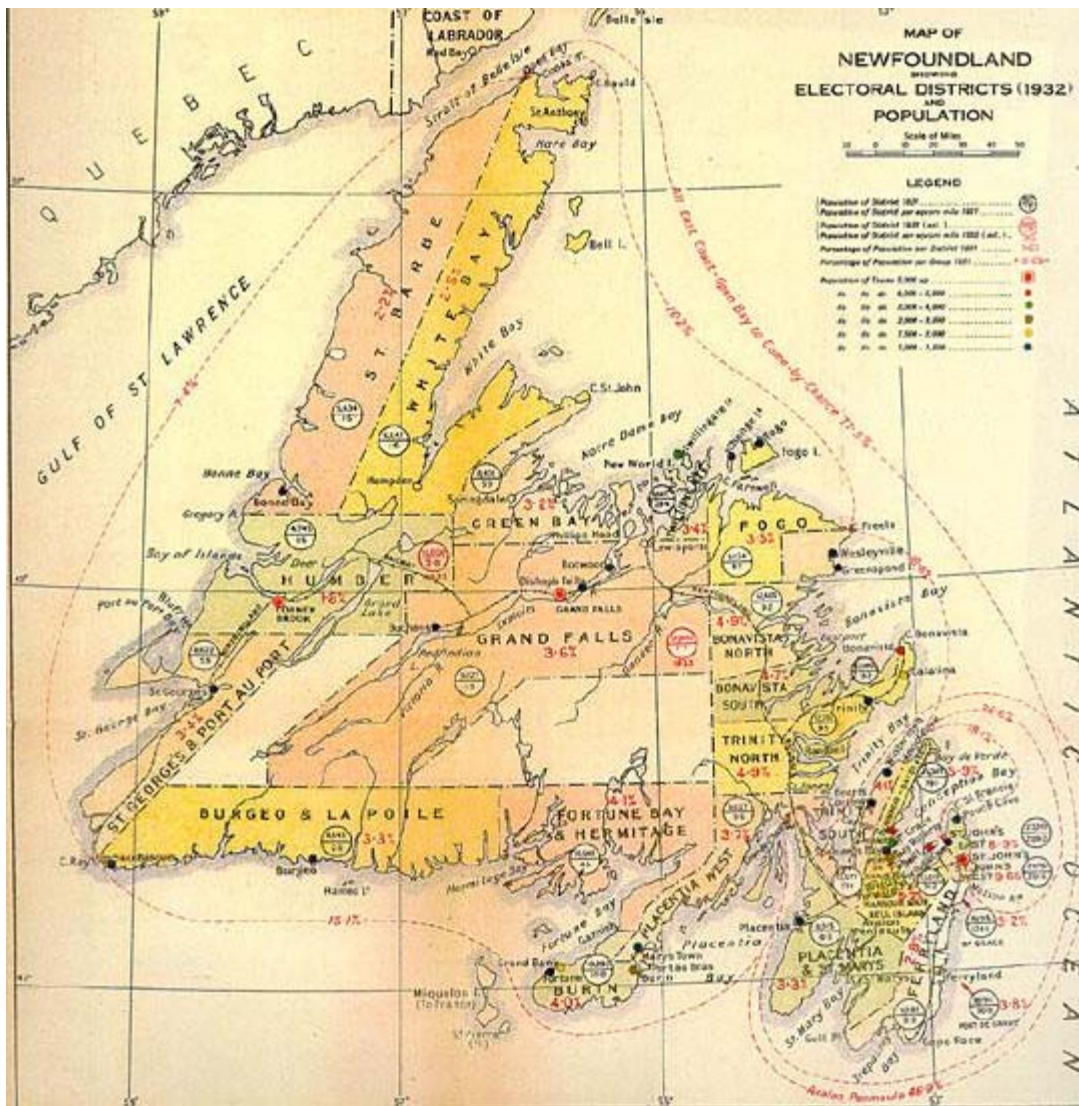
No.3.--Map showing Railways and Steamship Routes.

No.4.--Map showing Roads.

No.5.--Map of Newfoundland and Coast of Labrador showing Fishing Areas.

No.6.--General Map of Newfoundland and Labrador.





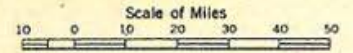
**Map No. 1 -- Map of Newfoundland showing Electoral Districts (1932) and Population.**

From *Newfoundland Royal Commission 1933 Report* (London: His Majesty's Stationary Office, 1934).

[Much Larger Version](#) 1183x1200 pixels (348 kb)

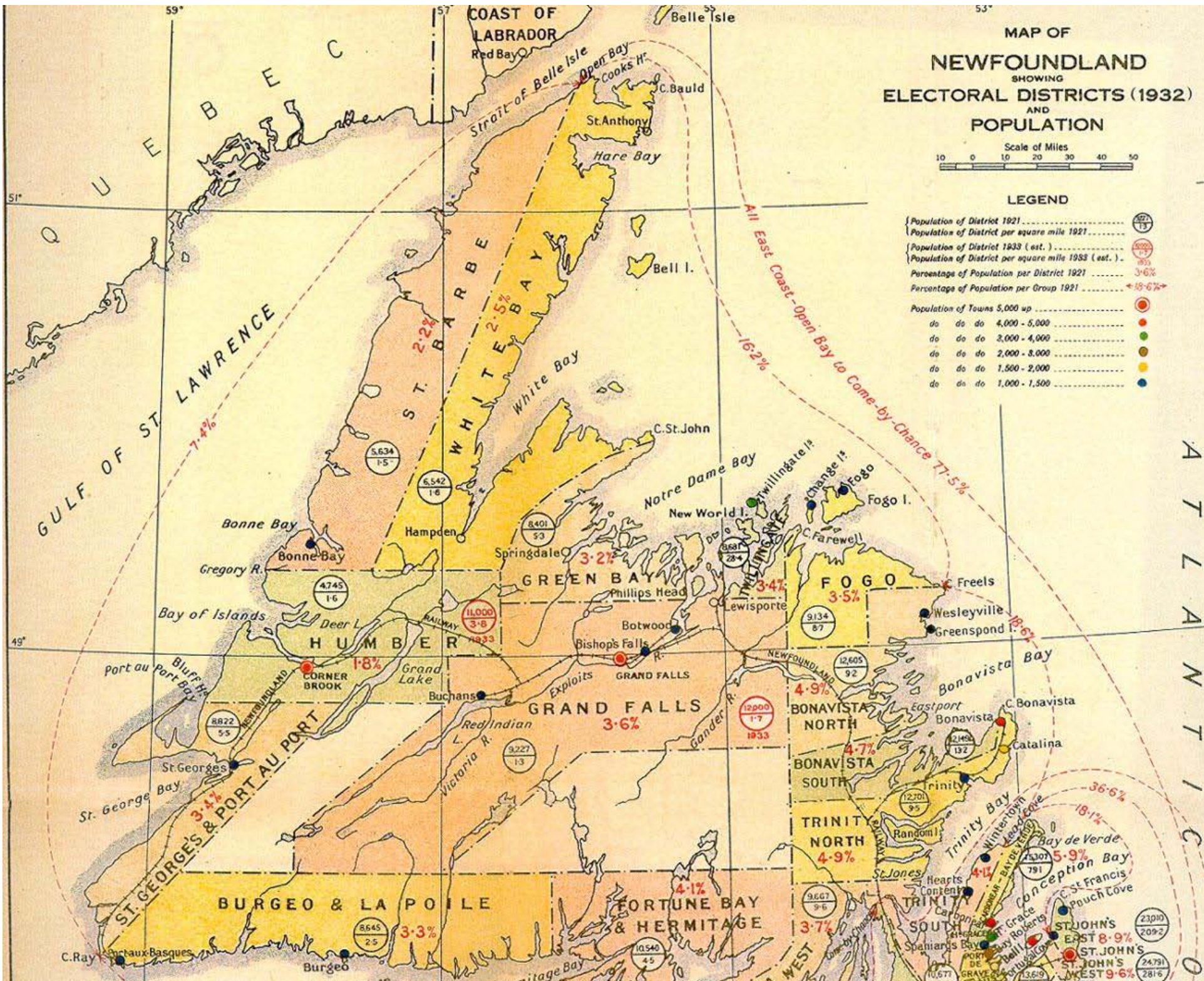
# MAP OF NEWFOUNDLAND

SHOWING  
ELECTORAL DISTRICTS (1932)  
AND  
POPULATION



## LEGEND

Population of District 1921	127,131
Population of District per square mile 1921	17
Population of District 1933 (est.)	185,353
Population of District per square mile 1933 (est.)	25
Percentage of Population per District 1921	3-6%
Percentage of Population per Group 1921	18-67%
Population of Towns 5,000 up	18-67%
do do do 4,000 - 5,000	18-67%
do do do 2,000 - 4,000	18-67%
do do do 2,000 - 3,000	18-67%
do do do 1,500 - 2,000	18-67%
do do do 1,000 - 1,500	18-67%

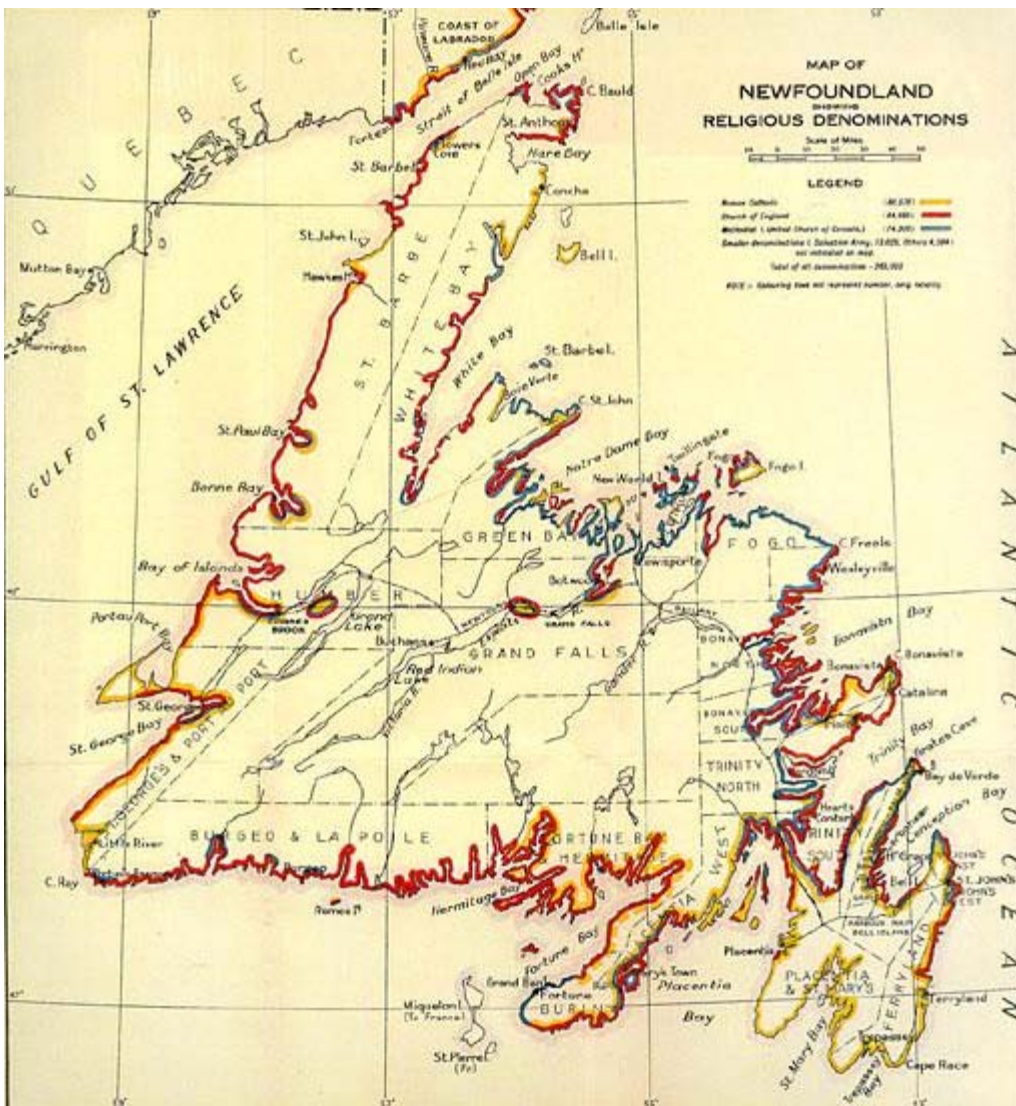


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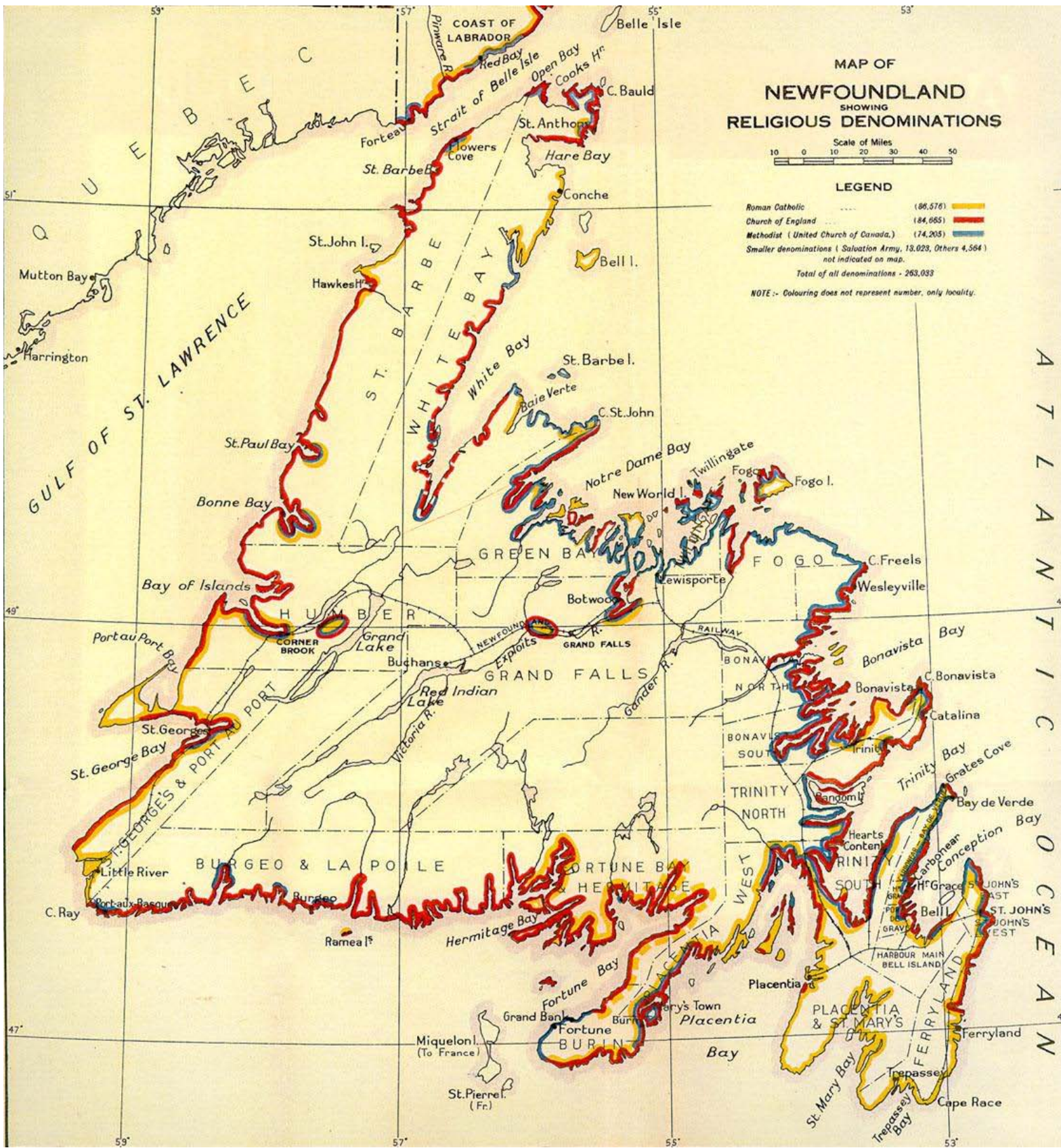
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**Map No. 2 -- Map of Newfoundland showing Religious Denominations.**

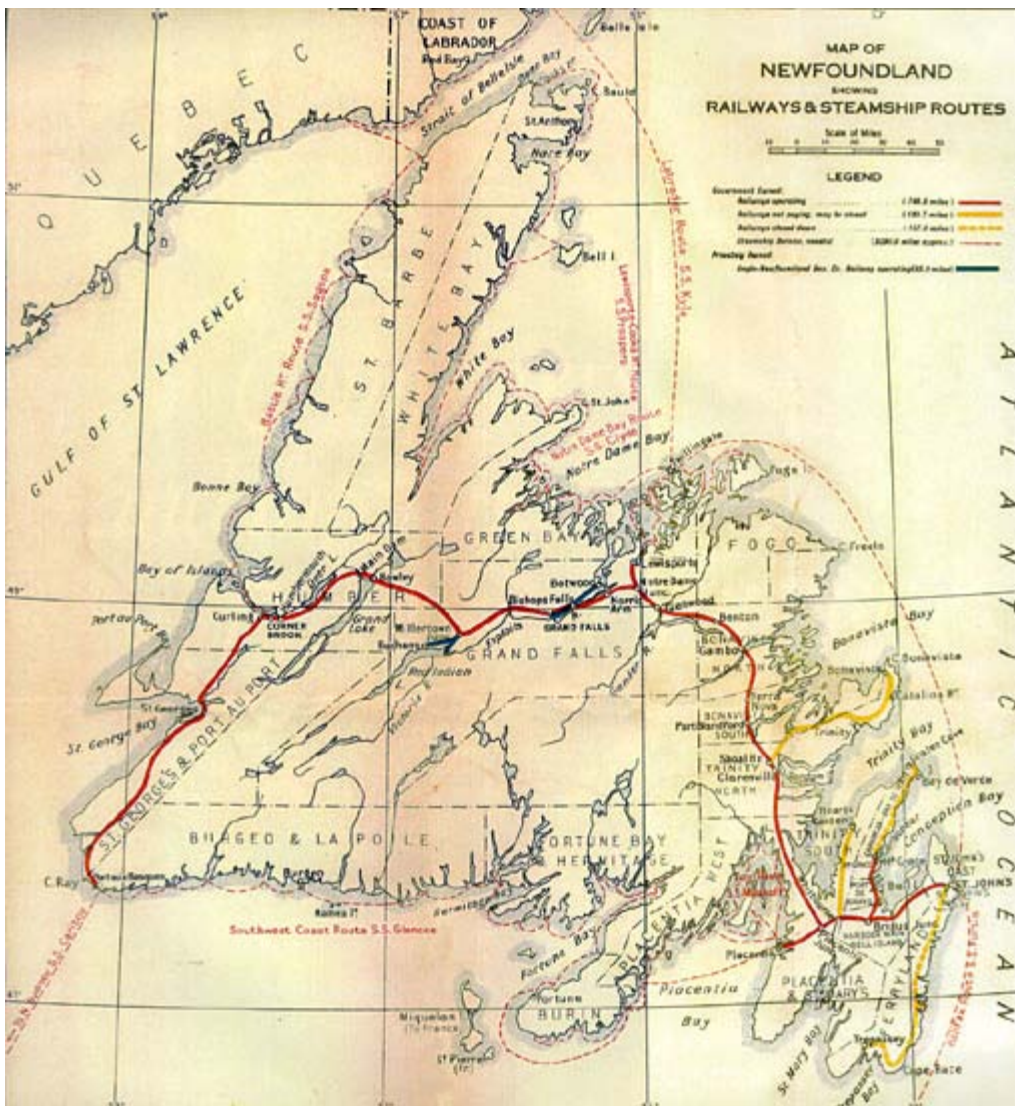
From *Newfoundland Royal Commission 1933 Report* (London: His Majesty's Stationary Office, 1934).

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**Map No. 3 -- Map of Newfoundland showing Railways and Steamship Routes.**

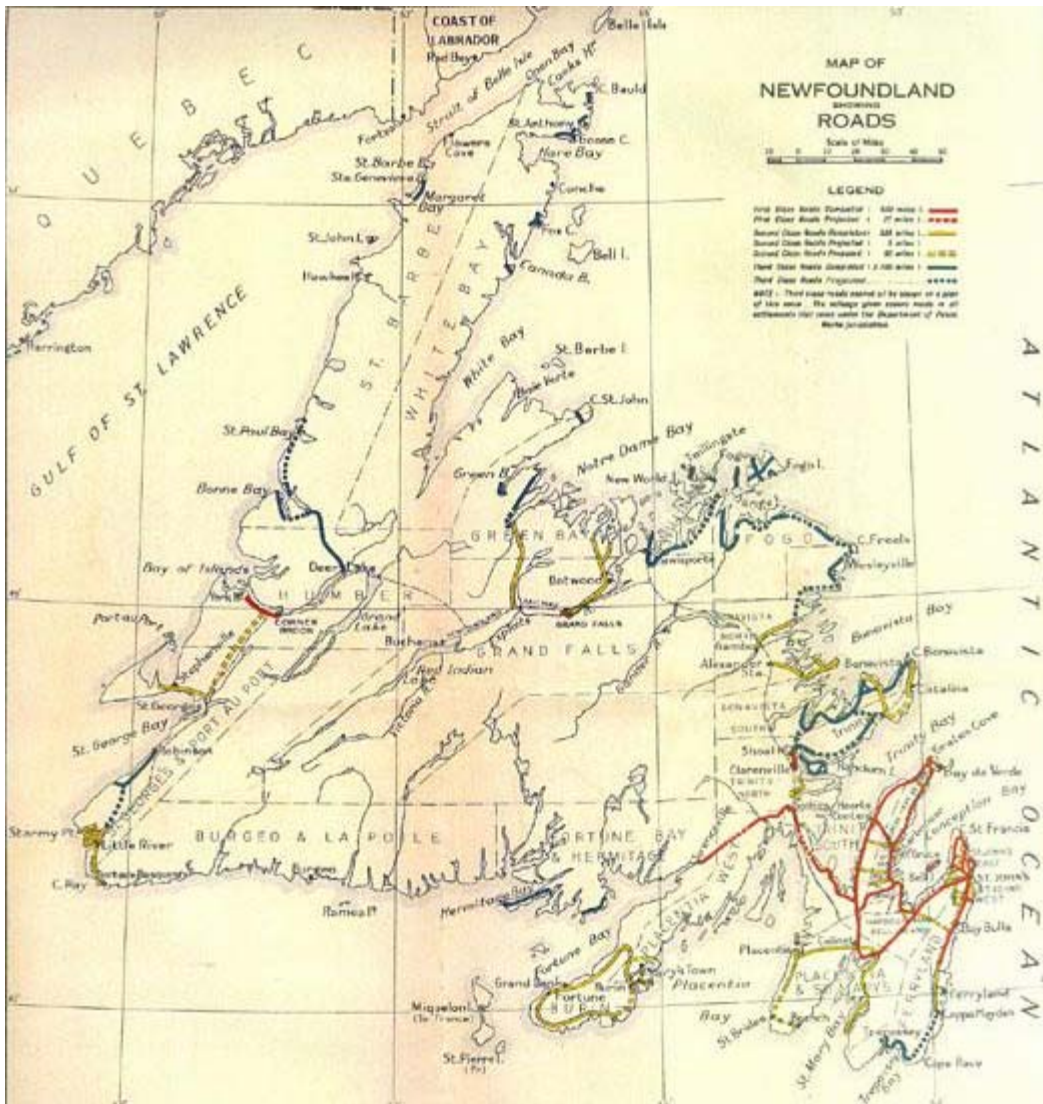
From *Newfoundland Royal Commission 1933 Report* (London: His Majesty's Stationary Office, 1934).

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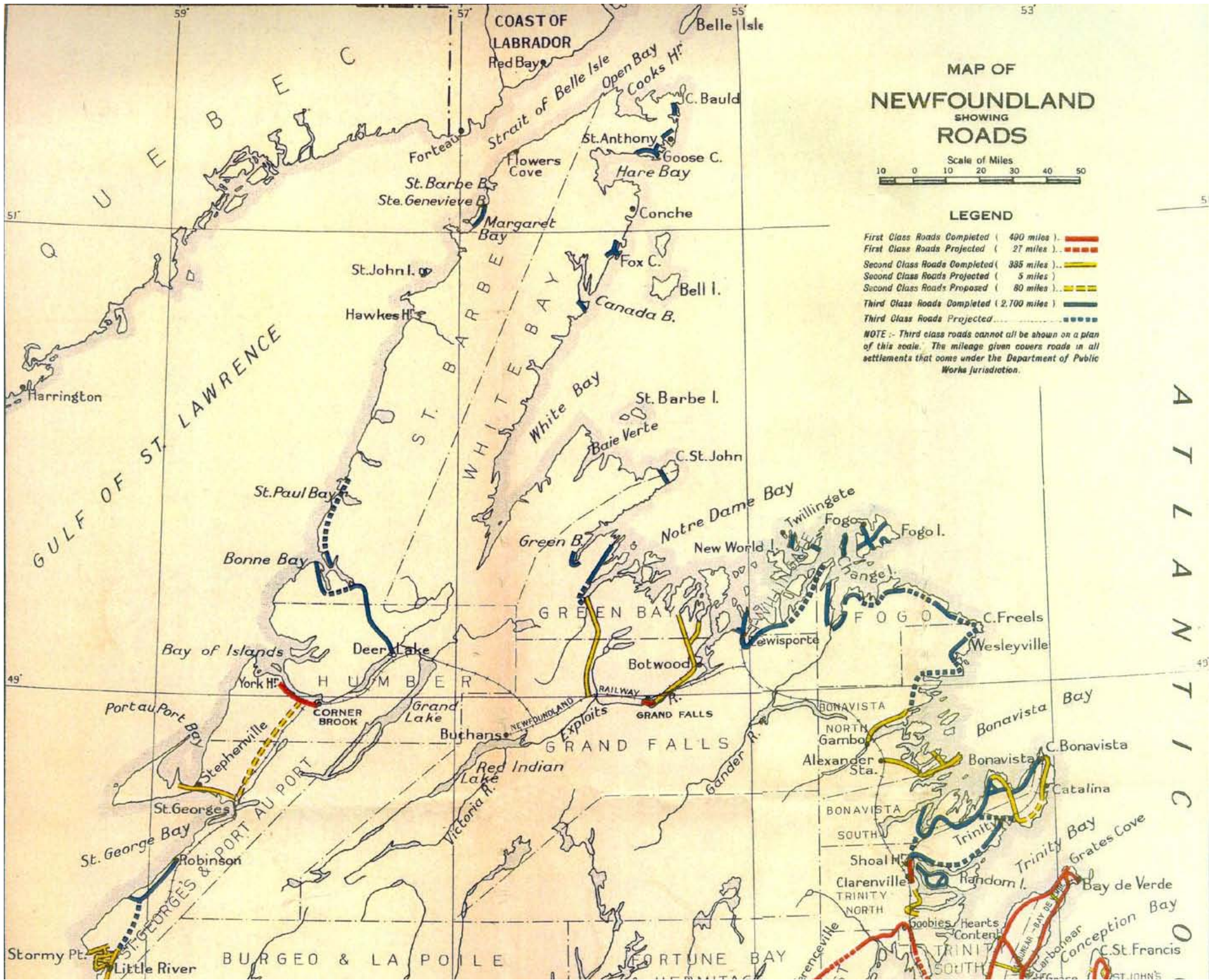


**Map No. 4 -- Map of Newfoundland showing Roads.**

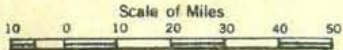
From *Newfoundland Royal Commission 1933 Report* (London: His Majesty's Stationary Office, 1934).

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MAP OF  
NEWFOUNDLAND  
SHOWING  
ROADS

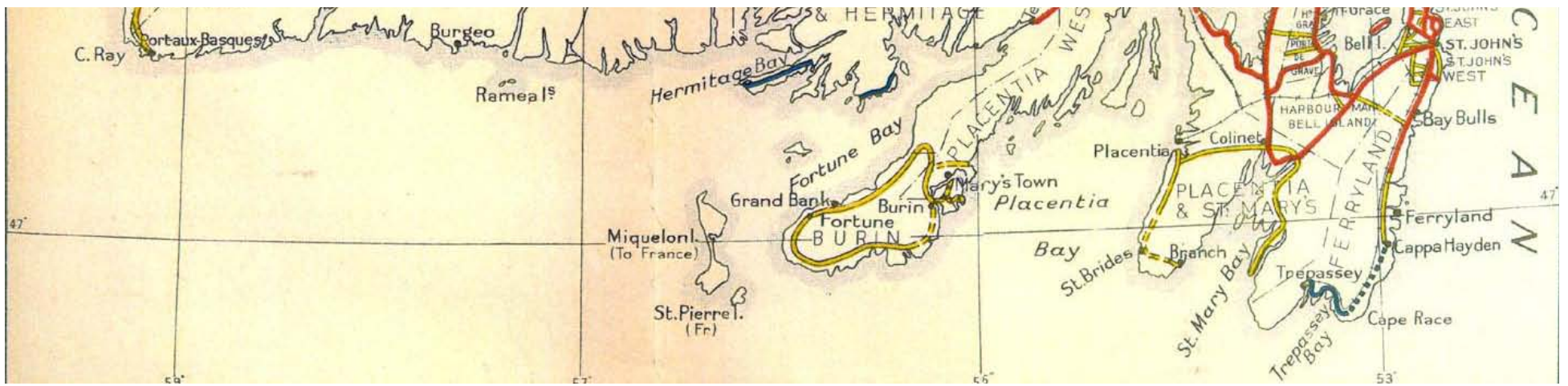


LEGEND

- First Class Roads Completed ( 400 miles )
- First Class Roads Projected ( 27 miles )
- Second Class Roads Completed ( 385 miles )
- Second Class Roads Projected ( 5 miles )
- Second Class Roads Proposed ( 80 miles )
- Third Class Roads Completed ( 2,700 miles )
- Third Class Roads Projected

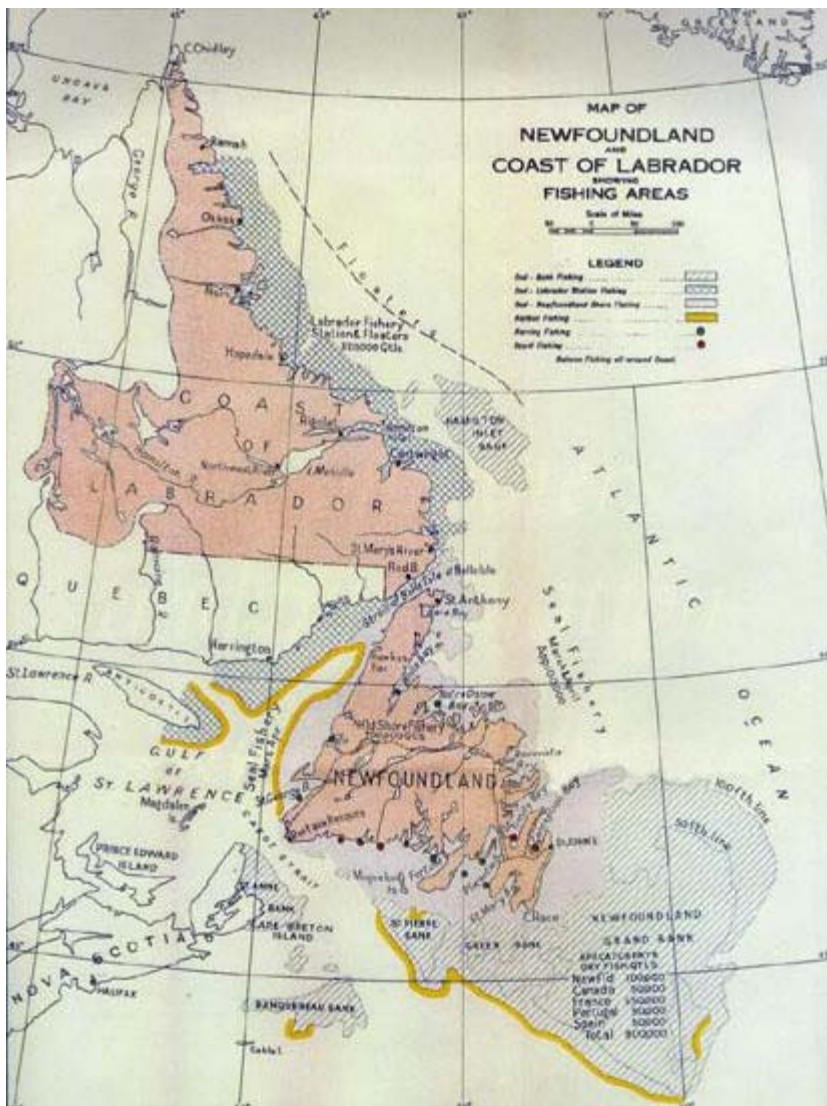
NOTE: Third class roads cannot all be shown on a plan of this scale. The mileage given covers roads in all settlements that come under the Department of Public Works jurisdiction.

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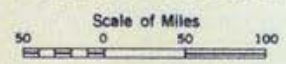


**Map No. 5 -- Map of Newfoundland and Coast of Labrador showing Fishing Areas.**

From *Newfoundland Royal Commission 1933 Report* (London: His Majesty's Stationary Office, 1934).

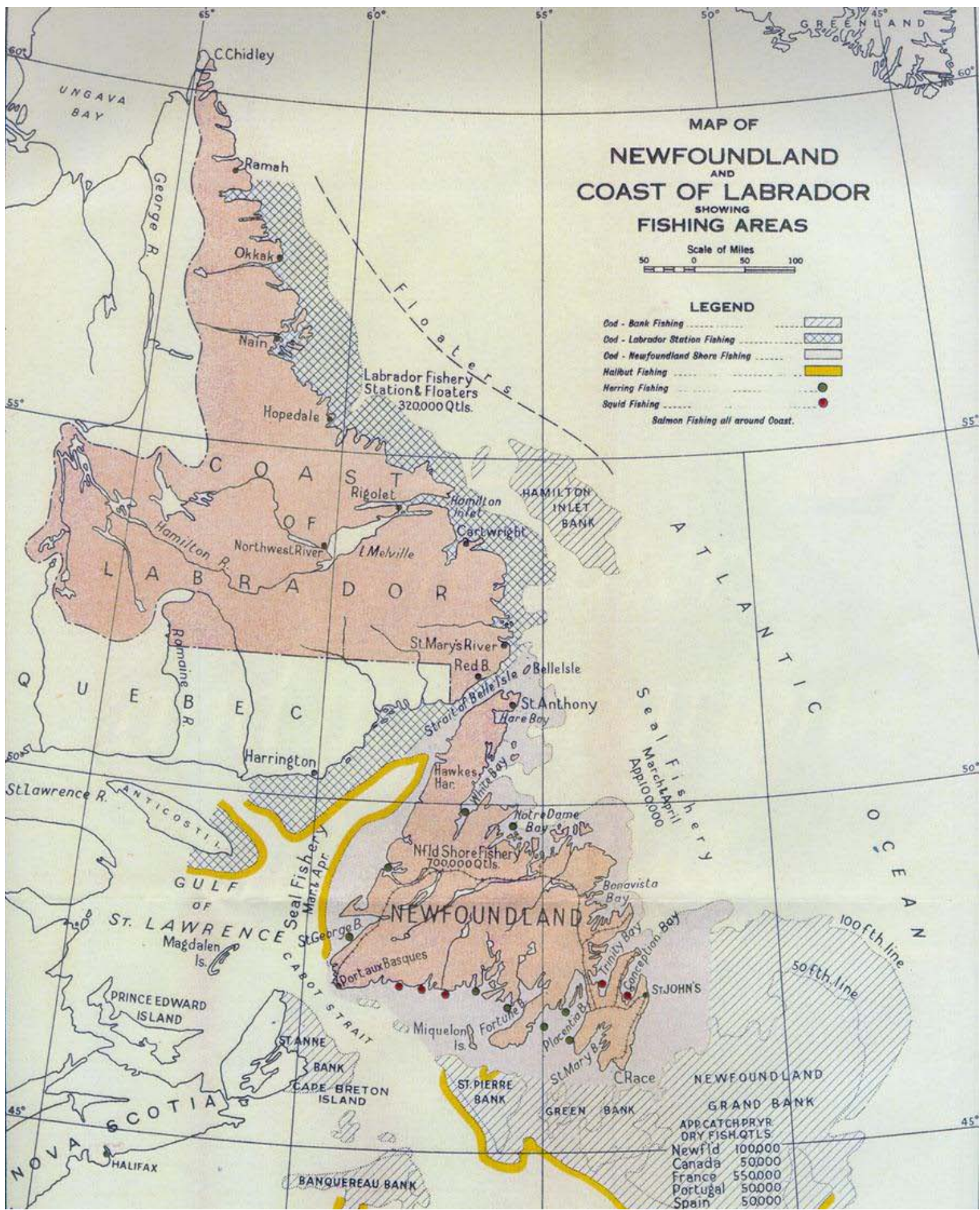
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# MAP OF NEWFOUNDLAND AND COAST OF LABRADOR SHOWING FISHING AREAS



## LEGEND

- Cod - Bank Fishing
- Cod - Labrador Station Fishing
- Cod - Newfoundland Shore Fishing
- Hallbut Fishing
- Herring Fishing
- Squid Fishing
- Salmon Fishing all around Coast.





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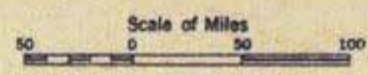


**Map No. 6. -- Map of Newfoundland and Coast of Labrador.**

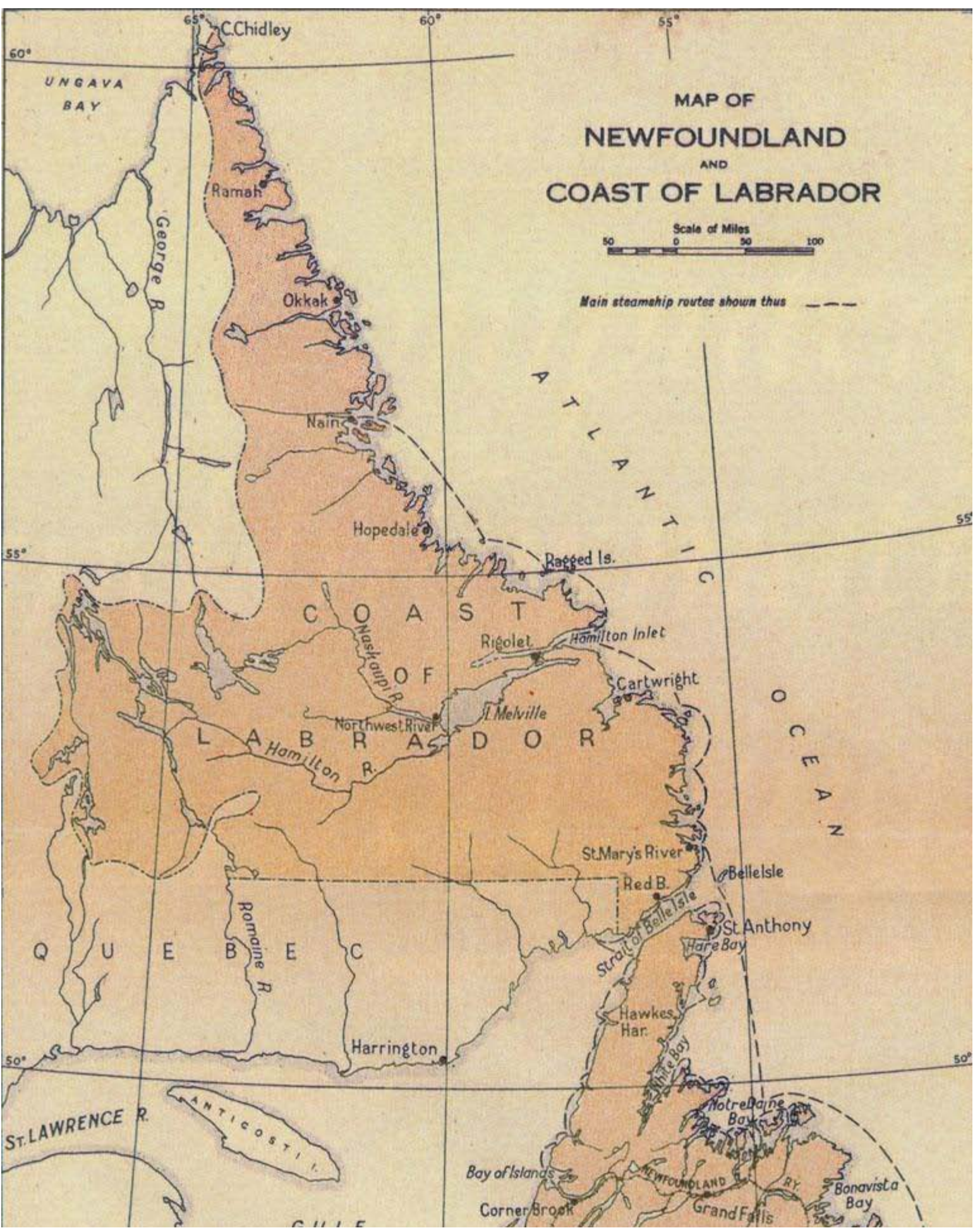
From *Newfoundland Royal Commission 1933 Report* (London: His Majesty's Stationary Office, 1934).

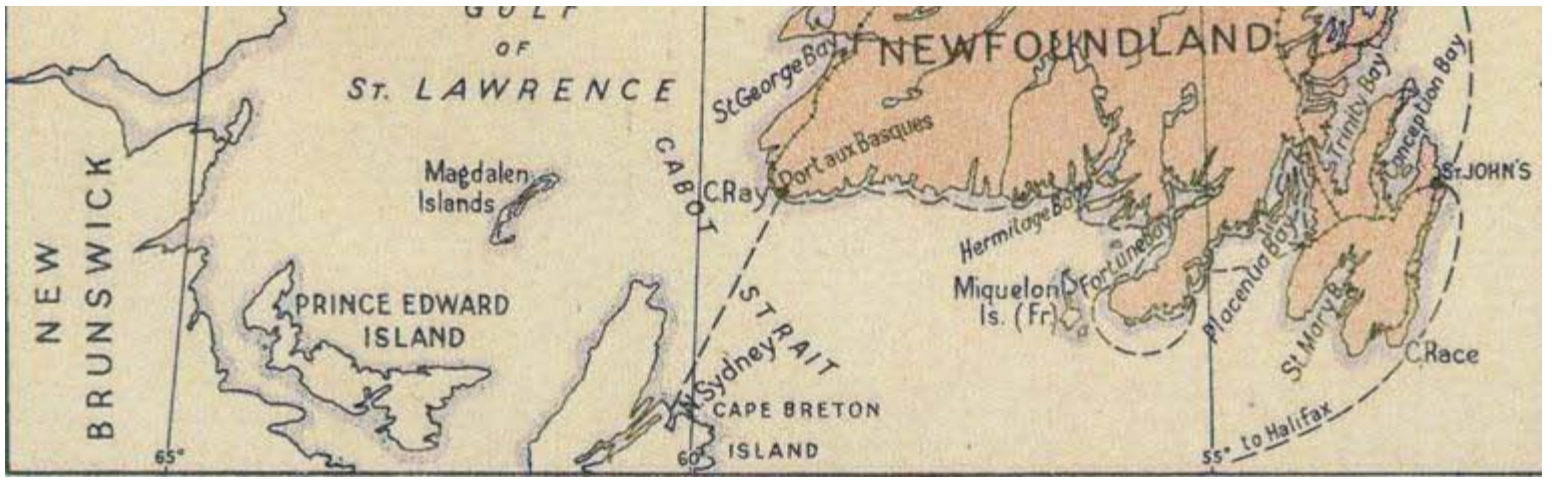
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# MAP OF NEWFOUNDLAND AND COAST OF LABRADOR



Main steamship routes shown thus



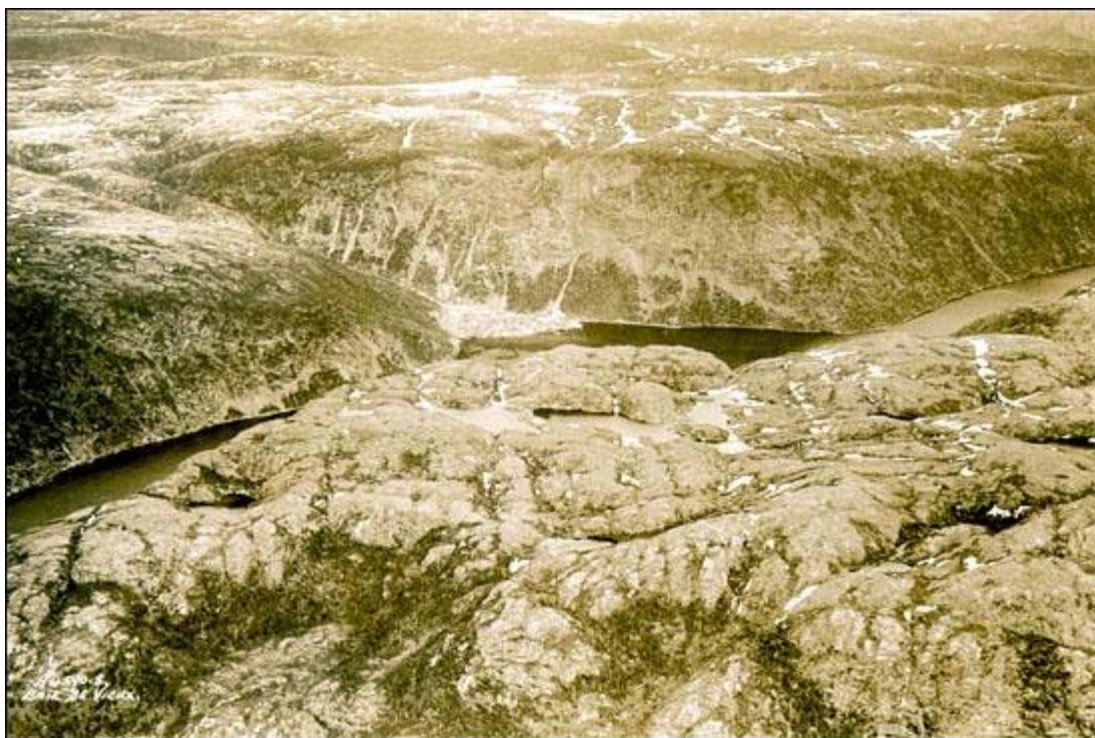


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**Baie [sic] de Vieux, looking North, n.d.**

Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

*Image description updated May, 2004.*

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### **The Battery, St. John's, n.d.**

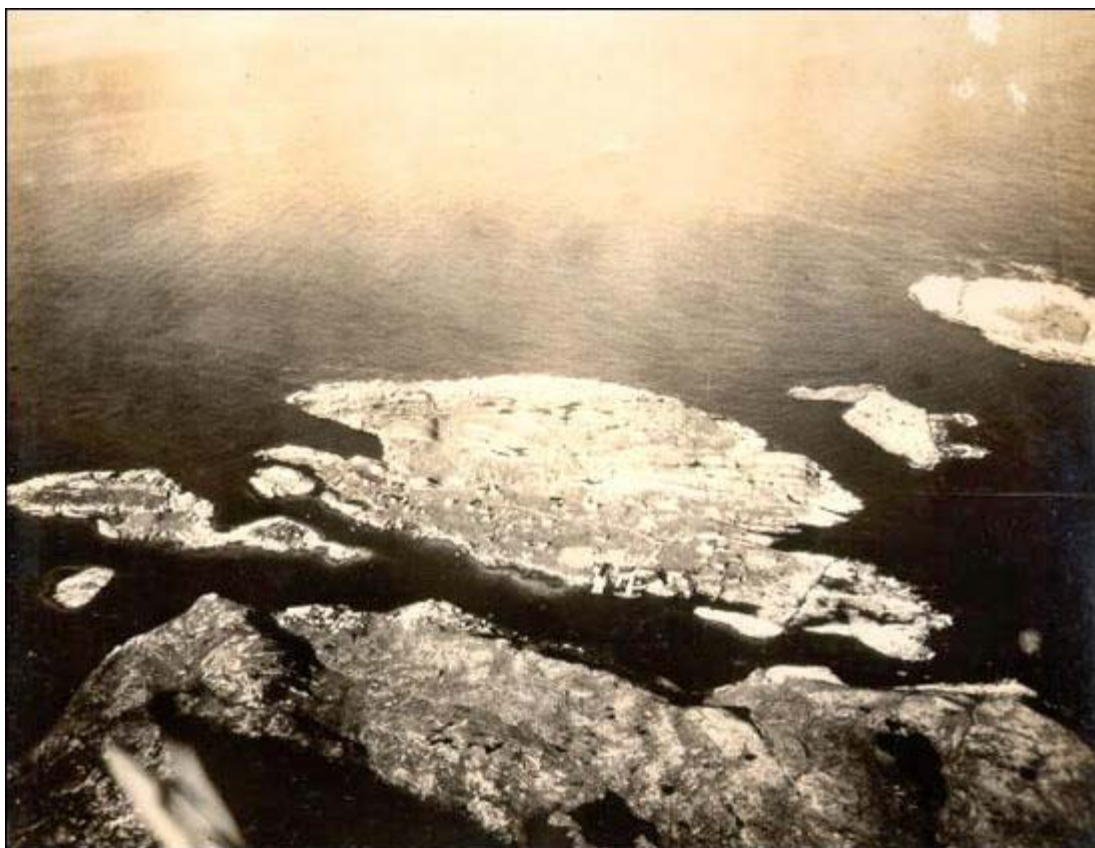
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**Battle Harbour, showing Hospital and Stores. First Station of Grenfell Mission, Labrador, n.d.**

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**Beachy Cove (7 miles from St. John's), n.d.**

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**Brigus, n.d.**

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**Bankers towing into Burin, n.d.**

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### **Calvert (Southern Shore), n.d.**

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**Cape Broyle (Southern Shore), n.d.**

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**Cape White Handkerchief, Labrador, n.d.**

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**Chateau [sic] Bay, Labrador, n.d.**

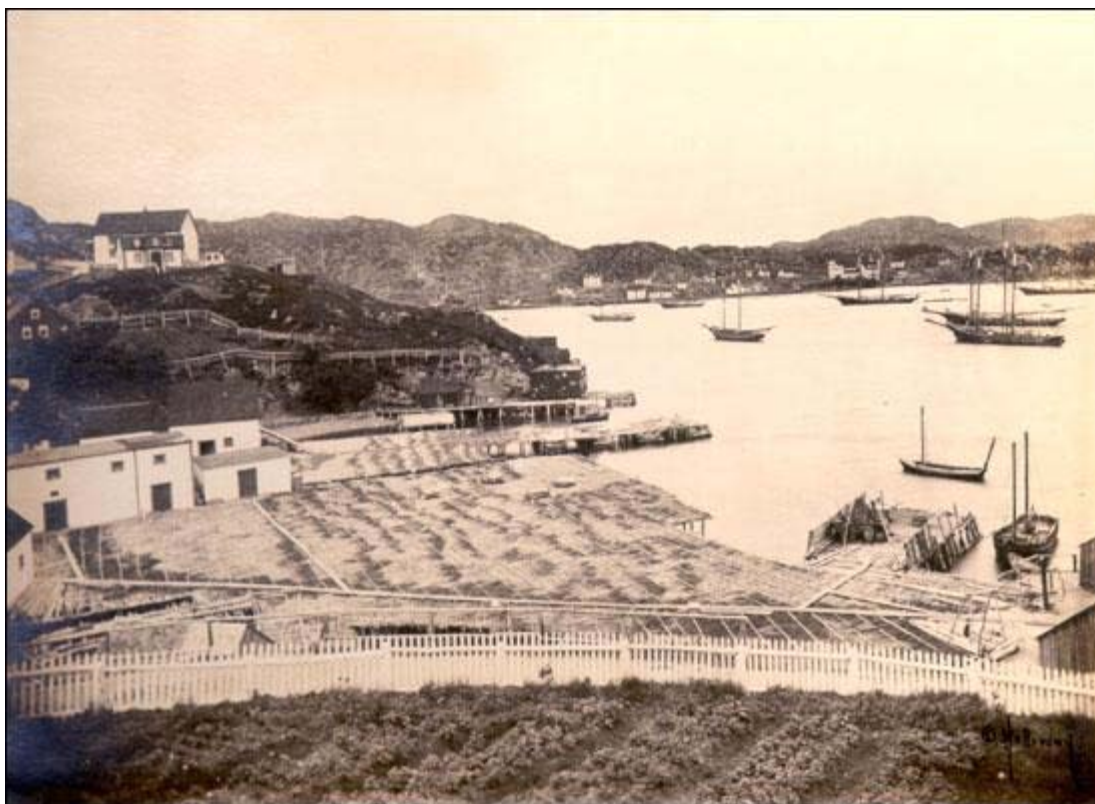
Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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### **Collins Bay, Burin, n.d.**

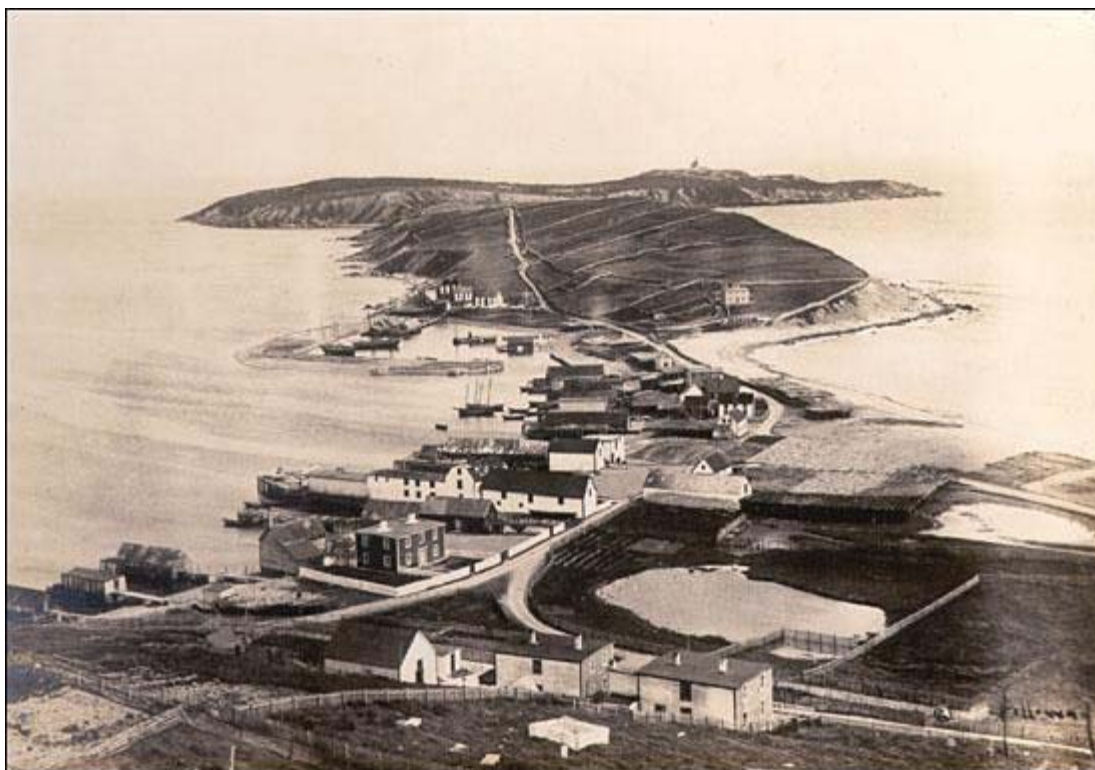
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### **Ferryland, n.d.**

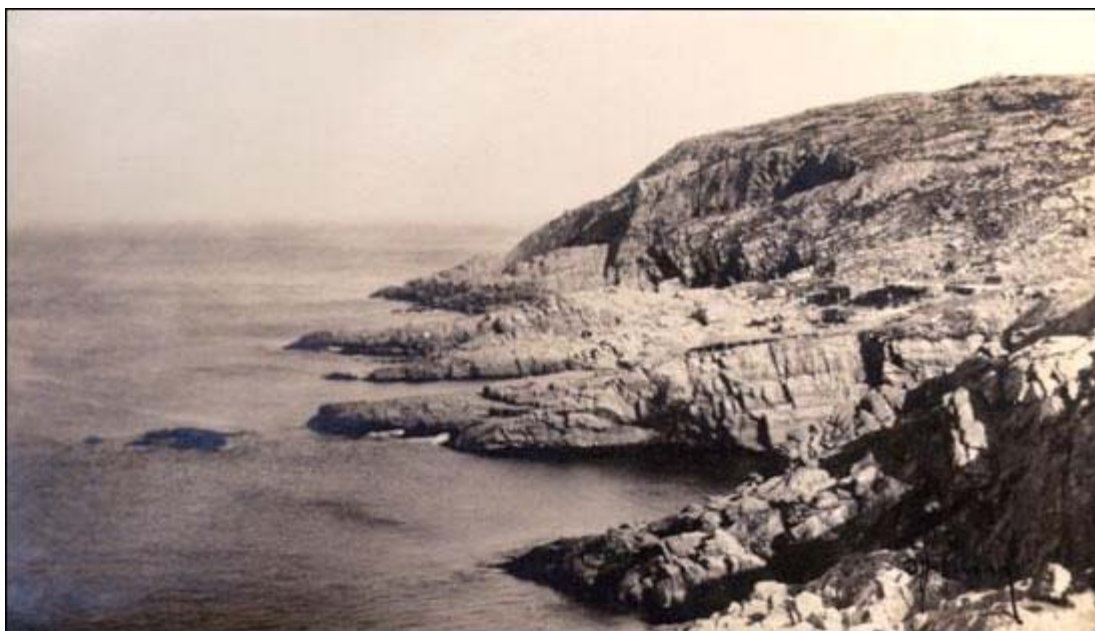
Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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**Flat-Rock [sic] near Pouch Cove, n.d.**

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**Grand Bay, looking North (showing Railway), n.d.**

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**Green's Harbour (Trinity Bay), n.d.**

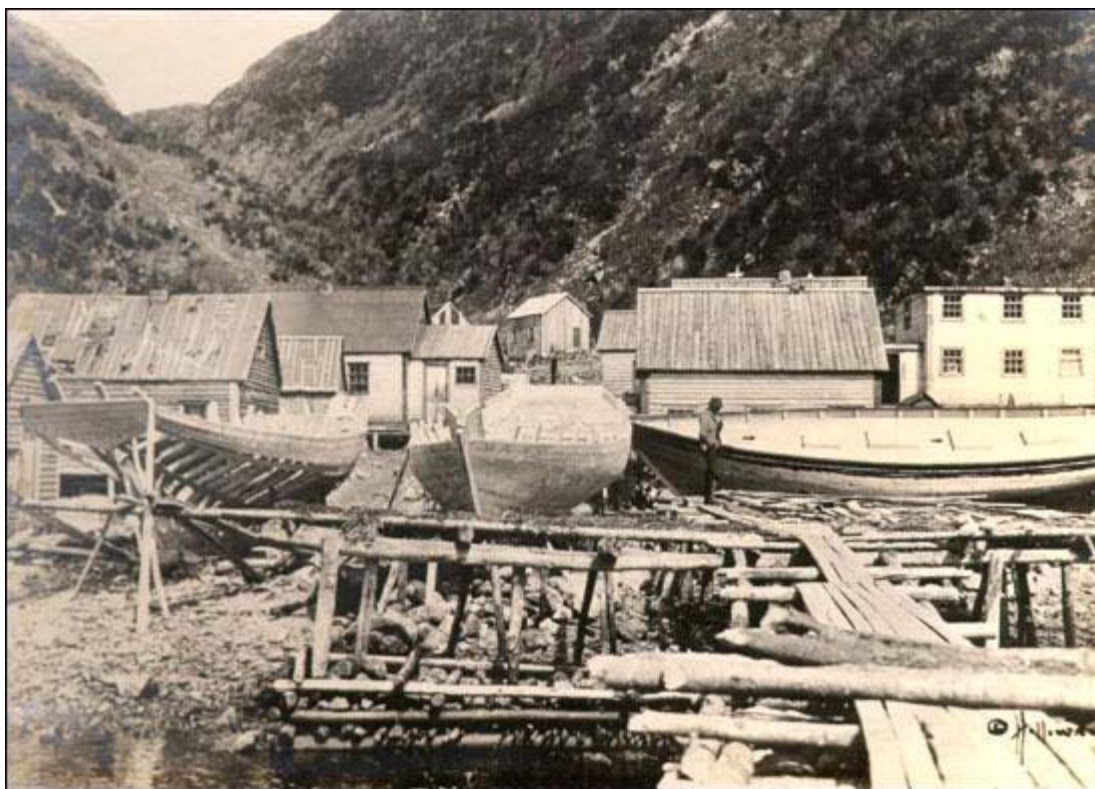
Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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### **Shipbuilding, Gray [sic] River, n.d.**

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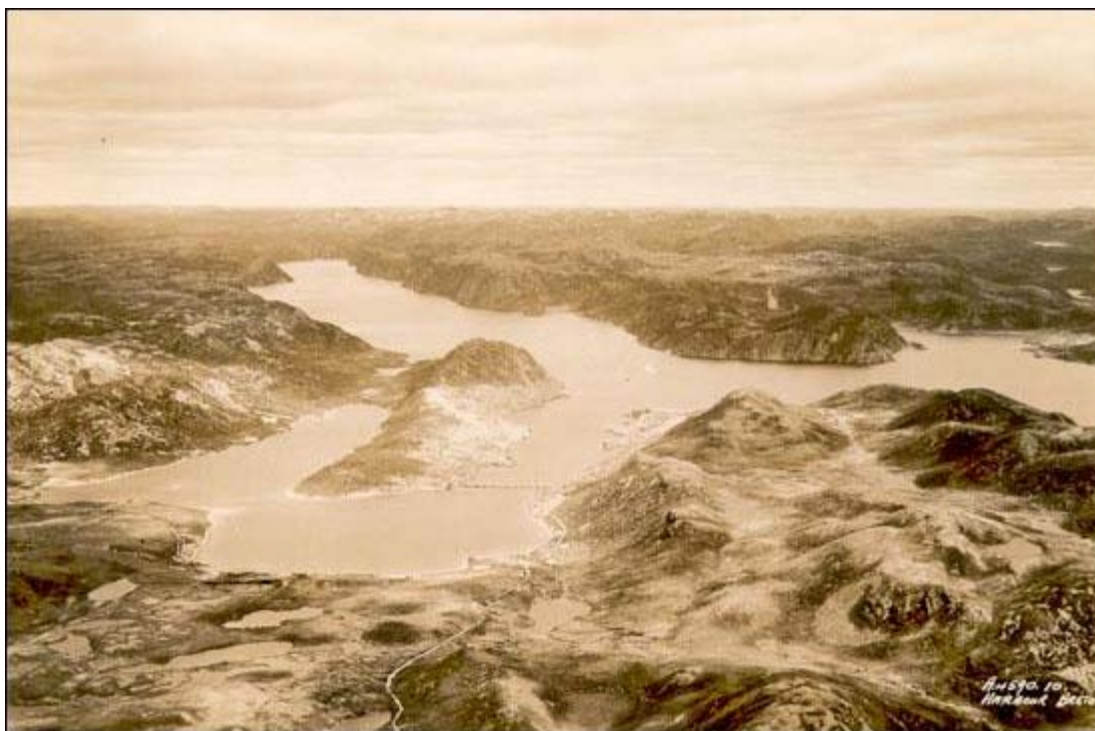
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### **Harbour Breton, n.d.**

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**Grace Harbour [sic], looking East, n.d.**

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**Harbour Breton (Southwest [sic] Coast), n.d.**

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### **Harbour Grace (Conception Bay), n.d.**

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### **Herring Neck, n.d.**

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### **Hotel [at] Placentia, looking North, n.d.**

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**Humber Arm, International Paper Co.'s Mill, Corner Brook, n.d.**

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### **Islington (Trinity Bay), n.d.**

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**Jerrott's Cove, Gray [sic] River, Southwest Coast, n.d.**

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**Kanmaget Range and the "Bishop's Mitre", Labrador, n.d.**

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### **Little Bauline (Southern Shore), n.d.**

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**Logy Bay (5 miles from St. John's), n.d.**

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### **Drying Fish, Mobile, n.d.**

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**Lake between Burin Harbour and Mortier Bay, looking Southwest, n.d.**

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### **Mugford Tickle, Labrador, n.d.**

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### **Nameless Cove, n.d.**

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### **Narrows, St. John's, n.d.**

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**Northwest River, Labrador, n.d.**

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**The famous Button Island in Hudson Strait, Northwest Territories, n.d.**

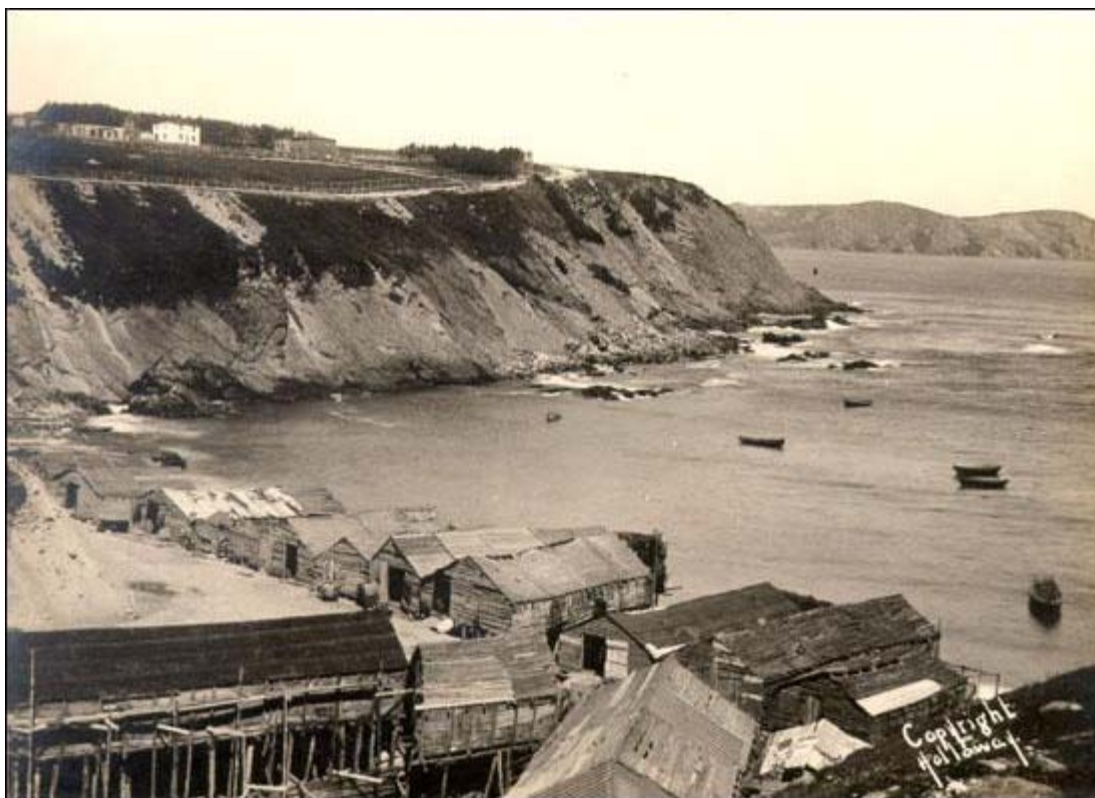
Photographer unknown. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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### **Outer Cove, n.d.**

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**Path-End, Burin, n.d.**

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**General View of Placentia, looking Southwest, n.d.**

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**Port aux Basques, looking East, n.d.**

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**Looking Southwest over Port Manvers and Port Manvers River, Labrador, n.d.**

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### **Port Saunders, n.d.**

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**Portugal Cove showing Bell Island, n.d.**

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**Portugal Cove (about 8 miles from St. John's), n.d.**

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**Pouch Cove (18 miles from St. John's), n.d.**

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### **Red Bay, Labrador, n.d.**

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### **Rencontre, n.d.**

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**Saglek Bay and Fjord, Labrador, n.d.**

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**Sampson's Island, Notre Dame Bay, n.d.**

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**Shoal Harbour (Trinity Bay), n.d.**

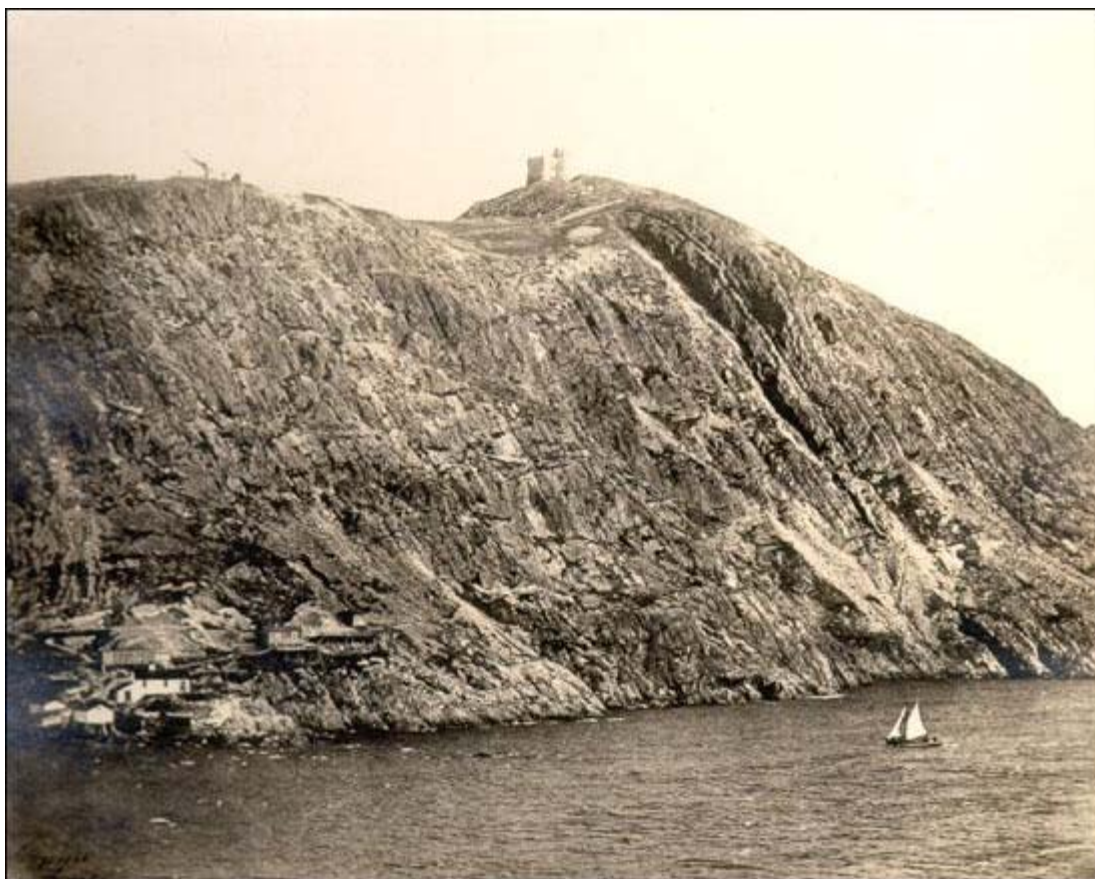
Photo by Holloway. From the album of photographs furnished to the Newfoundland Royal Commission, August 1933. Courtesy of the Centre for Newfoundland Studies Archives (Coll-207), Memorial University of Newfoundland Library, St. John's, Newfoundland.

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**Signal Hill, St. John's, n.d.**

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**Fishing village of St. Anthony. Central station of Grenfell Mission, Newfoundland, n.d.**

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**St. Anthony, n.d.**

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**St. George's Harbour, looking South, n.d.**

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### **St. Jacques, n.d.**

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**St. John's City and Harbour (showing Quodi-vid [sic] Lake), n.d.**

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### **St. Peter's Bay and Lewis Inlet, n.d.**

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### **Tess Cove, n.d.**

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### **Hauling Caplin, Torbay, n.d.**

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**Trepassey (Southern Shore), n.d.**

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### **Coast Scenery near Twillingate, n.d.**

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**Witless Bay (Southern Shore), n.d.**

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