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A Canadian View (with an introduction by E. R. Forbes)

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Documents

Newfoundland Politics in 1921: A Canadian View

With the fisheries in disarray, the railway verging upon bankruptcy, and the public debt unmanageable, Newfoundland's ship of state in 1921 appeared foundering and about to sink. That, at least, was the opinion of William Smith (1859-1932), historian and Deputy Keeper of Public Records in the Canadian Public Archives.[1] Smith, who spent two months in Saint John's in the spring of 1921 collecting material on the Labrador Boundary dispute, concluded that, with the crisis imminent, it was only a matter of time before Newfoundlanders put aside their historic prejudice and sought relief in Confederation. Concerned to prepare his superiors for this problem and, incidently, to establish his own claims to be the resident expert, Smith devoted much of his attention to a collection of information on the contemporary scene. When the confusion of the Canadian federal election had dissipated, he addressed the following confidential report to W.S. Fielding, Minister of Finance and senior member of the new Liberal government. The document surveys economic and political problems, provides sketches of political leaders and includes comments on the attitudes of both Newfoundlanders and Canadians towards union. The perspective is largely that of the business men, politicians and civil servants from whom Smith obtained most of his information. For an introduction to those whom he names and for general background on the period, see S.J.R. Noel, *Politics in Newfoundland* (Toronto, 1971). The original report, dated 1 March 1922, can be found in the W.S. Fielding Papers at the Public Archives of Nova Scotia.

E.R. FORBES

I spent two months in St. Johns Newfoundland in the Spring of last year, gathering material bearing on the Labrador Boundary dispute, and, as I learned a good deal regarding the political and economic affairs of the Island during my visit, it seemed to me a duty to let you know the result of my observations.

I have hesitated for some time as to whether I ought to trouble you at this time, but, as conditions in the Island may compel the Government to approach this Government with a view to relieving that situation, I concluded that I should at least lay the information before you. If you are too busy just now, the letter may be laid aside at this point.

1 Smith was the author of *The History of the Post Office in British North America, 1639-1870* (Cambridge, 1920). For a biographical sketch of Smith, see W.S. Wallace, *The Macmillan Dictionary of Canadian Biography* (Toronto, 1963), p. 703.

My opportunities for learning the conditions were rather exceptional. Besides the Governor, whom I got to know very well, I had several conversations with the Prime Minister, Sir Richard Squires, at his own home and in other places. I met the leader of the Opposition, Sir Michael Cashin, almost every Saturday night, at the house of Sir Patrick McGrath; and Mr. and Mrs. Morine, whom you know, were my table companions at the Hotel all the time I was in St. Johns. I was, also, able to renew old friendships notably with Sir William Horwood, the Chief Justice and Mr. Berteau, the Auditor General, who is also the standing financial adviser of the successive governments.

When I arrived in St. Johns in the last week of April, Parliament was in session, and the first thing that struck me was the shocking deterioration in its authority. The first time I was there — twenty years before — I could see no great difference in the public respect for parliament, between St. Johns and Ottawa. As you may remember, Sir Robert Bond was premier, and his supporters included Sir William Horwood, the present chief justice, and Edward (Lord) Morris. With such a group in charge of affairs, and with men like A.M. McKay, manager of the Anglo-American Telegraph Company, and Mr. Morine, leading the Opposition, business was conducted in a manner not inferior to the practice of our parliament.

But almost the first thing that struck my eyes on my arrival, was an account of the galleries having been packed by the Opposition, with idlers who had orders to interrupt the proceedings of the Government by heckling and otherwise annoying the ministers and their supporters. The disturbance reached a height that compelled the interposition of the long enduring Speaker, who ordered the Galleries to be cleared. Sir Michael Cashin, the leader of the Opposition, then got up and addressing the Galleries, said "Boys, this is your house, are you going to be ordered out of it"? With one voice, the Galleries shouted "No", and the House itself adjourned.

That the use of the Gallery for purposes of annoyance, was not a monopoly of the Opposition, I learned a night or two later. At the house of a friend where I was to meet Sir Richard Squires at dinner, Sir Richard came late, and announced exultantly that a Ministerial gallery, had effectually silenced the Opposition that afternoon.

I myself was witness of a scene of the Government being overawed and overborne by a mob. Some thousand or more strikers gathered in front of the Legislative building, and when the house opened, as many as could find room crowded into the galleries. Three of their leaders addressed the Premier in the chamber, denouncing him for his conduct towards them, and demanding that their requests should be conceded. The Premier, after an attempt to parley, surrendered, and was flayed by the Opposition for the way he had treated the men, amidst applause and hooting of horns from the Gallery. The whole town was in a state of disorder. Many men were out of work, with the usual suffering, and in May, a general strike broke out among the longshore men. This was

regarded as serious, and, to prevent an outbreak, the men on two British war vessels which were in the harbour, paraded Water Street, the principal business street of the town.

Indeed, the avowed object of these war vessels, was to impose a check on possible riots.

The unemployed continued to besiege the Government offices, but with an empty treasury, little could be done. The Government endeavored to procure a loan of $150,000. for the City Council from the Royal Bank, and when the Bank intimated that the guarantee, by which the Government proposed to cover the loan, should include a large sum already owing the Bank by the City, the Premier, in the House, denounced the management of the Bank as "a bunch of Shylocks".

I was informed on all sides that the financial situation was desperate. The Auditor General told me that he had managed to hold enough to pay expenses until the end of September, but that it passed his wit to know where to get any money beyond that date. Fortunately, perhaps, a loan of $6,000,000. was raised in May, on what the Opposition claim was a misleading statement of the country's finances. Sir Michael Cashin, who was finance minister in the preceding administration, left in the Treasury over $4,000,000. as the result of prosperous conditions during the War, and he declares that the Government used his own last financial statement, in representing Newfoundland's condition to New York bankers.

The $4,000,000. reserve was soon dissipated, on the entrance of the present Government into office, though I was not satisfied that the largest part of the expenditure was avoidable. The railway management — that is the Reids — were on the point of declaring bankruptcy, and the $2,500,000 was advanced to meet pressing obligations. Then, $500,000. was taken from the Treasury to buy fish, and thus relieve the hard situation of the fishermen. Finally, of the remaining million, some hundreds of thousands were devoted to much needed increases in Civil Servant's salaries, and the rest in a variety of ways.

As I said, I was not at all satisfied that all this surplus was needlessly expended, and asked Sir Michael Cashin, the Parliamentary critic of Government's expenditures, what he would do if he were faced with the impending bankruptcy of the Railway management. He declared that he would let it go bankrupt, but Sir Patrick McGrath and Mr. Morine, though both warm opponents of the Government, told me they would not look with indifference on the collapse of the railway, and they did not believe that, if actually confronted with the situation, Sir Michael Cashin would refuse a helping hand.

The purchase of fish to the extent of $500,000 was part of one of the strangest transactions I ever heard of. During the War, Newfoundland fishermen were very prosperous. They were almost alone among the fish-exporting countries, with access to foreign markets. Norway and the other Scandinavian countries were hemmed in by the German operations. As a consequence, the price of

Newfoundland fish was very high, and the Government saw no reason why, if things were properly managed, their people should not continue to enjoy the same prices, after the armistice.

On the advice of their agent in Spain, the Government brought in a bill fixing the price at the figure then ruling, and, in order to prevent the ill-effects of glutting the foreign markets, the Government took the power to control the movements of the vessels destined to take the fish to those markets. No vessel could set out without clearance papers, which were issued on orders from headquarters.

You will ask, did they give no thought to the fish from the other competitive countries, all of which were liberated from German control? That is the question that was asked on all sides in St. Johns, but the Government pushed forward their bill, disregarding these perfectly obvious questions, and the inevitable consequence ensued. The fishermen of the several competitive countries noted the prices fixed by the Legislature of Newfoundland, held their prices a few shillings lower, and sold their fish without difficulty. The Newfoundland fish remained unsold. An outcry went up for the repeal of the foolish legislation, but the Government at first paid no heed. They could not ignore the unsold fish, lying so to speak under their eyes, but they were not convinced that their bill should be repealed. They sent agents to several countries in Europe, and even tried to induce the British Government to apply coercion to Italy. In this they, of course, failed. One of the largest exporters told me that, whereas the average quantity of fish sent from Newfoundland to Italy was 600,000 quintals, last year there was sent only 30,000, and of the 30,000, 25,000 was sent by him in defiance of the law.

Something had to be done to relieve the domestic situation, and though they eventually repealed the bill, they did not do this, until they had tried the measure of buying a certain quantity of the fishermen's stock. An order in council was adopted, authorizing the Government to buy fish up to the value of $500,000. This was done, and the Government have not realized a dollar on this outlay, as, at the time of the purchase, the next season's catch was coming into the market, and no person wanted old fish. As the $500,000. bought but a fraction of the catch, the fishermen lost, in large part, the stocks they had on hand. In addition to the $500,000 spent in the purchase of fish, another $500,000 was laid out in enabling fishermen to get supplies for the next year's fishing, and I am told, on the best of authority, that not a dollar has been recovered.

The railway management is in very deep water. The $2,500,000. given them in 1920, furnished only temporary relief. The whole system is run down. The road bed is in a very dangerous condition, and eight or nine millions of dollars would be necessary to put it on a proper footing, while the rolling stock is an offence to the eye. A year and a half ago, the Government decided to take a hand in the management and appointed certain members to a commission, who with a number appointed by the Reids, were to carry on operations. A year was enough

for the Government. Before it began its participation in the management, the railway expenses had been $2,800,000, while the receipts were just $1,400,000. That is, it took $2.00 outlay to gather in $1.00.

What the results of the operations of the joint commission are, I have not heard, but they were so discouraging that the Government drew out at the end of a year. It was confidently expected that the railway would cease operations on the 1st of July last, when the Government withdrew, but some further assistance has enabled the management to go on, with no further interruptions than are incident to every winter's difficulties.

An official of the Canadian Pacific Railway has been in Newfoundland for several months. He went first as manager of the system, but, becoming disgusted resigned. He was induced by the Premier to remain as Chairman of the Operating Committee. He has sent a report to the Government on the conditions as he found them, and I am told that it is a most discouraging report. He is of opinion that, with the best management possible, there would be a deficit of about $600,000. a year. But, to secure proper management, drastic changes in personnel and methods would be necessary, none of which seems feasible, under existing political conditions.

The debt of the colony is well over $50,000,000, an amount quite beyond their power to handle, unless new resources can be made available. What this amount means may be suggested by my saying that when I was in Newfoundland twenty years ago, it was a commonplace that, if the debt should reach $20,000,000. they would have to swallow their pride and dislike of Canada, and seek confederation.

I asked Sir Michael Cashin what measures he would take to deal with the financial situation, in case he came into power. He said his first step would be to approach the Old Mother, and ask her to relieve them of the part of the debt, which arose from the War. He thought that, thus unburdened, they might pull through, by the exercise of great economy.

Perhaps the most hopeless feature of the situation is the gradually spreading conviction that the mainstay of the Island life — the fisheries — can no longer be depended on. I have before me a circular distributed among the members of the Fishermen's Union by Mr. Coaker, as president of the Union, telling them that they could not, in the future, rely upon the sea, as a means of livelihood, and that, unless the interior resources of the Island could be turned to account, the outlook was dark indeed. Those who know conditions better perhaps than Mr. Coaker, are not disposed to accept this view, but he is the most influential man among the fishermen at this moment, and his discouraging words will carry much weight.

Coaker is a master of dissimulation, and may not himself believe what he says on this point. There is much reason for believing that, whatever may be his real opinion as to the value of the fisheries, the motive for the circular was to secure the assent of the fishermen to certain very dubious schemes for internal

development.

When I reached St. John's, I found at the same hotel, two young men, one a Norwegian, the other a Canadian, a brother of Sir Hamar Greenwood, who had been in the Humber Valley, examining its resources, in the interest of some English capitalists. Their report, which they communicated to the Newfoundland Government, was glowing in its description of the timber and mineral wealth to be found in that section of the Island. Indeed, one wonders how, in the face of such a report, capital could spend a moment hesitating. These men stated that they were authorized to invest up to $25,000,000 in the country, but on condition that the Newfoundland Government would guarantee a liberal interest on the outlay.

The Cabinet were divided on the matter, Coaker being the chief of those advocating the guarantee. Most of the others were frightened at the magnitude of the undertaking, in view of the state of their finances. I learned from a friend of the Premier that it was decided to guarantee the interest on $12,000,000. But for some reason of which I am not aware, the proposition fell through.

Since I came away, another proposition, almost identical in character was presented to the Government by the Reids, who were acting for English capitalists. Again Coaker is the main advocate of the acceptance of the scheme.

The Premier let some friends of mine know that he was opposed to acceptance, but he feared that the pressure might be too great for him to resist. This time some of the leaders of the Opposition were enlisted in support of the scheme, by certain prospective advantages held out to them. But the Colony is thoroughly awake to the magnitude of the proposition. The newspapers at present are discussing little else. The Board of Trade have sent some admonitory letters to the Premier, and have asked to have the terms of the proposition laid before them. This has been refused, but the Government are left in no doubt as to the views of the Board on all such propositions.

Most important of all is that Sir Robert Bond has emerged from his long retirement in Whitbourne, and written a strong letter in opposition to the scheme. This letter has created a great sensation, as it is taken to indicate Sir Robert's re-entrance into public life.

As to the desirability of Sir Robert's return to politics and power, there is a curious unanimity. When I was there before, Sir Robert was premier, and his manner of controlling his followers was like what I understood Parnell's to be. He held them aloof, and saw them only when he felt disposed. In the personal sense, he had few friends, and those were as far removed from him in social standing, education or tastes as could be imagined. I fancied at the time, and still think, that he would have none but worshippers for intimates.

With the increase of Coaker's power, Sir Robert's feelings passed into something like repugnance for the game, and, for some years past, he has confined himself to his country home at Whitbourne some 60 miles from the city.

But Sir Robert is regarded as their last hope and they are already discussing a seat for him. It is believed that, even in the present House, he could attract a majority to his side, and that, in the event of an election, he would sweep the county.

Sir Richard Squires, the premier, is perhaps 45 years of age, a lawyer without standing in his profession, and, his enemies say, very unscrupulous. Even his friends do not claim for him any excess of candour. He is said to be, not perhaps anti-British, but pro-American in his tastes, a rather rare thing down there. But he is so given to gasconnade that it is difficult to get at his real sentiments. Discussing the appointment of Mr. Churchill to the colonial secretaryship, he asked me what Canada thought of it. I told him that I had not heard or seen a word to show that Canada felt any interest in the matter. He said they were taking the matter more seriously in Newfoundland, but he said "if Churchill attempts any of his games with us, we would go right over to the States". Two of his colleagues were present when he made the statement, but they made no comment.

Of his ministers, there are none worth mention except the Minister of Justice, Mr. Warren, and Mr. Coaker. The former is a somewhat indolent gentleman, who inclines to allow matters drift [sic]. Coaker is of different calibre. He was a telegraph operator until a few years ago, when he discovered himself endowed with the gifts of an agitator. There are always plenty of real grievances among the fishermen, and these, with many imaginary ones, he exploited to the utmost. The merchants were denounced as the source of all the troubles, and the fishermen were combined into a compact body, called the Fishermen's Protective Union, with Coaker as president. The main point of their platform was freedom from their dependence on the merchants, both as regards the purchase of supplies, and the subsequent disposal of the season's catch. The formation of this union is regarded as an achievement of the first order, as nothing in the nature of concerted action seemed possible among fishermen. A company was formed in the Union, subscriptions were obtained from the fishermen, and with the funds, a town was built called Port Union. It contains large warehouses, and wharves, by the sides of which vessels are seen lying. Offices, dwelling houses, and a mansion for Mr. Coaker make up the town. Commercial men who visited the town while I was in St. John's all told me that the place was dead beyond resurrection. Coaker and his Union control the whole of the northern part of the Island, and his following in the House is the largest of any. Sir Richard Squires holds his administration by Coaker's goodwill. Hence the power this man wields. I saw little of him, but am disposed to agree with my friends, that he is a dangerous fanatic. He holds his power precariously, dependent upon his ability to pull his schemes through, and so save himself from the resentment of the fishermen, whose money was placed in his hands. In his position of minister of fisheries, he is able to use the whole power of government, in the furtherance of his plans.

The leaders of the Opposition are Sir Michael Cashin, Sir John Crosbie and Mr. Bennett. Cashin is a successful business man, who is recognized as having been a capable minister of finance. He is a strictly honest man, and his political ambitions are hampered by the fact that he is a rigid Roman Catholic, which even he recognizes to be a practically insurmountable handicap.

Crosbie is also a successful business man, whose fortune was made during the War, though, I am assured, by legitimate means. He is an arrogant, bumptious man, who irritates his more experienced associates by his insistence on the infallibility of his judgment, and the certainty of his knowledge on all political matters. Unfortunately for the Opposition and the country Cashin and Crosbie have had a violent quarrel over a private business transaction, which threatens to paralyze their opposition to the Ministry, and a friend, who is in the confidence of both told me in a letter a few days ago, that there was little prospect of reconciling the two men.

Outside the parties, but lending their assistance to the Opposition are Mr. Morine and Sir Patrick McGrath, both of whom you know. Sir Patrick has long been recognized as the shrewdest politician in the Island. He is a man of good ability and great industry, and has a wider knowledge of politics than any man in the Island. During the war, his services were invaluable, and recognized by a Knighthood. He is the most influential member of the Legislative Council. But, for certain reasons, which I cannot fathom, he is not taken to be an available leader.

Mr. Morine is the most forceful, and experienced Parliament man in the Island, if Sir Robert Bond be excepted, but he is politically the most unpopular. His aspiration is to be premier, and I believe he would fill the position better than any other man, if he could hold his party together. But he is so autocratic and impatient of obstacles, whether these be men or circumstances, that he has managed to quarrel with every combination of which he has formed a part. He was offered the position of Minister of Justice by Sir Richard Squires, but he would not accept it unless as premier, and so has nothing. He practises law in St. John's with success, but always with an eye on the political chances.

I had a letter from a friend a day or two ago, in which he tells me that the commercial situation is very bad. A leading banker had just informed him that the situation was such that several of the considerable firms would, so far as he could see, be forced to the wall.

The feeling as regards Confederation is not more favourable than it ever was. When it is desired to stigmatize a man as unworthy of any confidence, he is called a confederationist. But, at the same time, the admission is freely made that they may be compelled to seek terms with Canada, and, while they are still jealous of their independence, I do not think the old bitterness against Canada exists, and they look at the prospect with more equanimity than they did.

A curious feature is, that the Canadians whom I met in Newfoundland are nearly all opposed to Confederation. They declare that, so far as Canada is

concerned, it would be to attach an Ireland to her side, with a mass of troubles, with which we would have no power to deal, but yet which would make us very uncomfortable. Mr. Morine told me he was opposed to Confederation until Newfoundland had put her house in order, so that the Island would not come into the negotiation, in pauperis forma.

I am in continual communication with an able, trustworthy correspondent, and if circumstances should bring Newfoundland's affairs before our Government, I might possibly be of some assistance. As much of the information I have set forth was given confidentially, I have no doubt you will treat this letter as confidential.