

Let Them Eat Beef: The Prince Edward Island-Newfoundland Beef-Cattle Trade, 1942-1946

Corey Slumkoski

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[Aller au sommaire du numéro](#)

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Résumé de l'article

Cet article souligne les difficultés rencontrées par les petites provinces dans la Fédération canadienne, en examinant les efforts déployés dans les années 1940 par le premier ministre Walter Jones, de l'Île-du-Prince-Édouard, pour développer le commerce de bovins vivants de sa province avec Terre-Neuve. Bien que l'Île-du-Prince-Édouard ait été bien placée pour répondre à la demande croissante de bœuf à Terre-Neuve pendant la Seconde Guerre mondiale, la pénurie de moyens d'expédition se révéla un problème majeur. Même lorsque des lignes de commerce maritime subventionnées furent mises en place, elles ignorèrent les relations commerciales inter-insulaires préexistantes, de sorte que les intérêts maritimes du Canada central bénéficièrent autant des décisions d'Ottawa que les producteurs bovins de l'Île-du-Prince-Édouard.

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This paper highlights the difficulties faced by small provinces in the Canadian federation by examining the efforts of Premier Walter Jones of Prince Edward Island to develop his province's live beef-cattle trade with Newfoundland during the 1940s. Although Prince Edward Island was well placed to meet the escalating demand for beef in Newfoundland during the Second World War, the lack of shipping capacity proved to be a major problem. Even when subsidized shipping was secured, it ignored pre-existing, inter-island trade relationships and, as a result, central Canadian shipping interests benefited as much from Ottawa's decisions as did Prince Edward Island cattle producers.

ONCE IT BECAME APPARENT that the Allies would win the Second World War, governments across Canada turned their attention to post-war planning. Memories of the recession that followed the First World War remained fresh and the provinces, determined to avoid a repeat performance of that economic collapse, commissioned numerous studies on how best to maintain the booming level of wartime production during the transition to a peacetime economy. Most of these studies called for increased provincial industrial capacity, improved distribution of hydro-electricity and a reintegration of returning veterans into the workforce. Although the provinces were in broad agreement on what was required to ensure continued prosperity, Prince Edward Island's reconstruction program was unique in one respect: it was the only

province to specifically endorse increased trade with Newfoundland as a part of its reconstruction plans.¹

This article examines the efforts by Prince Edward Island Liberal Premier Walter Jones to expand trade with Newfoundland and Labrador during and immediately after the Second World War. Such an examination reveals much about the difficulties faced by small provinces in the Canadian federation. While Jones was eager to see Prince Edward Island producers take advantage of the wartime demand in the nearby British colony and long-time trading partner, he was hindered by hardball negotiations with Ottawa and St. John's and by a federal bureaucracy that sent mixed messages to Charlottetown. Ottawa, pressed by wartime shortages, offered Islanders privileged access to the Newfoundland cattle market, but was slow to help them secure the shipping capacity that was required to take advantage of their preferential status. That the problems persisted after the war's end suggests that more than wartime exigencies dictated federal shipping policy. Jones was not, of course, the first or the last Maritime premier to experience frustrations with Ottawa, but his spirited campaign to secure regular shipping service to Newfoundland during and after the Second World War provides an example of extraordinary initiative in the face of daunting odds.²

In focusing on trade with Newfoundland, Walter Jones was not just following a pipe dream. The two islands had a longstanding, although largely undocumented, trading partnership. In the late-18th and early-19th centuries Newfoundland buyers gave breadth to the nascent Prince Edward Island shipbuilding industry by guaranteeing shipbuilders who sold to nearby Newfoundland a quick return on investment.³ Moreover, Newfoundland, with its limited agricultural potential, relied heavily on imported foodstuffs – a significant proportion of which came from PEI. While it may have been exaggerating to make a point, the *Prince Edward Island Gazette*, on 15 March 1819, documented the importance of the Newfoundland market by suggesting that “Newfoundland is *entirely* supplied by this Island with live cattle,

1 The genesis of Prince Edward Island's focus on Newfoundland in its reconstruction plans can be found in a 1945 brief by the province's Federation of Agriculture, which states in part: “The development of export markets is vital to this province in which an exportable surplus of practically every farm product is available. In this connection the development of Newfoundland trade is particularly important”. See Prince Edward Island Federation of Agriculture Brief to Members of the Prince Edward Island Legislature, 12 April 1945, RG 25, series 33, subseries 3, file 1b, J. Walter Jones Papers (Jones Papers), Prince Edward Island Public Archives and Records Office (PEIPARO). The Federation of Agriculture's concerns were addressed in Prince Edward Island's official plan for post-war reconstruction, *Interim Report of the PEI Advisory Reconstruction Committee* (Charlottetown, 1945) as well as at the Dominion-Provincial Conference on Reconstruction, 1945. See *Dominion and Provincial Submissions and Plenary Conference Discussions* (Ottawa, 1946).

2 See the work of Ernest Forbes, especially E.R. Forbes, *The Maritime Rights Movement, 1919-1927: A Study in Canadian Regionalism* (Montreal and Kingston, 1979); E.R. Forbes, “Consolidating Disparity: The Maritimes and the Industrialization of Canada during the Second World War”, *Acadiensis*, XV, 2 (Spring 1986), pp. 3-27; and E.R. Forbes, “Cutting the Pie into Smaller Pieces: Matching Grants and Relief in the Maritime Provinces in the 1930s”, *Acadiensis*, XXVI, 1 (Autumn 1987), pp. 34-55.

3 Newfoundland was the primary market for PEI-built vessels. Between 1800 and 1810, for example, Newfoundland buyers purchased half of the 60 ships built on Prince Edward Island. See Nicolas J. De Jong and Marvin E. Moore, *Shipbuilding on Prince Edward Island: Enterprise in a Maritime Setting, 1787-1920* (Hull, QC, 1994), p. 24. Although their focus is on the shipbuilding industry, De Jong and Moore also provide information on trade between PEI and Newfoundland.

fowls, corn, potatoes, and even garden stuff”.⁴ Keith Matthews has concluded that, by the early-19th century, Newfoundland “provided one of the largest markets for Prince Edward Island ships and foodstuffs . . . and many merchants established businesses in both markets”.⁵

Inter-island trade continued into the 20th century. In 1904 Ottawa recognized the importance of this trade by granting a one-year subsidy to support Island shippers in their efforts to consolidate their access to the Newfoundland market. A year later, the federal government began to subsidize a route from Charlottetown to Placentia, with stops at a number of Nova Scotia ports along the way. Despite the withdrawal of federal support following the First World War, ships laden with foodstuffs destined for Newfoundland remained a common sight in Prince Edward Island ports.⁶ Politician J. Angus McLean recalled, late in life, that in his youth “occasionally, a farmer would haul a horse-drawn load of potatoes to the wharf in Montague or Murray River, where a schooner would be loading for Newfoundland”.⁷ Although the construction of railroads and the development of the coal and steel industry in Cape Breton made North Sydney, Nova Scotia, the focus for regular ferry service to Newfoundland, direct trade between Prince Edward Island and Newfoundland continued as long as vessels were available to ply the Cabot Strait.

The Second World War created an unprecedented demand for ships, large and small, thus threatening the availability of shipping capacity for the Newfoundland trade. At the same time, demand for foodstuffs in Newfoundland and Labrador reached unprecedented heights. Not only did the presence of a significant number of both Canadian and American service personnel put stress on the colony’s food supplies, but the money spent by the military establishment also increased the capacity of Newfoundlanders to purchase imported foodstuffs.⁸ Although Prince Edward Island farmers shipped a wide range of agricultural goods across the Cabot

4 *Prince Edward Island Gazette*, 15 March 1819, cited in De Jong and Moore, *Shipbuilding on Prince Edward Island*, p. 29 (emphasis in De Jong and Moore).

5 Keith Matthews, *Lectures on the History of Newfoundland* (St. John’s, 1988), p. 45. Despite Matthew’s recognition of inter-island trade, the subject has been virtually ignored by regional scholars. Edward MacDonald’s excellent history of Prince Edward Island, *If You’re Stronghearted: Prince Edward Island in the Twentieth Century* (Charlottetown, 2000), makes little mention of trade between Charlottetown and St. John’s, an omission also found in Ernest Forbes and D.A. Muise eds., *The Atlantic Provinces in Confederation* (Toronto and Fredericton, 1993) as well as Margaret R. Conrad and James K. Hiller, *Atlantic Canada: A Concise History* (Don Mills, 2006). Although Malcolm MacLeod has examined Newfoundland’s pre-Confederation links with Canada, and the connections between the two islands occasionally appear in his work, they are never the primary focus. See, for example, Malcolm MacLeod, “Subsidized Steamers to a Foreign Country: Canada and Newfoundland, 1892-1949”, *Acadiensis* XIV, 2 (Spring 1985), pp. 66-92; Malcolm MacLeod, “Students Abroad: Preconfederation Educational Links Between Newfoundland and the Mainland of Canada”, *Canadian Historical Association Historical Papers/Communications historiques* (1985), pp. 172-92; and Malcolm MacLeod, “Edging into North America: Lives and Foreign Linkages in Pre-Confederation Newfoundland”, *Acadiensis* XXI, 2 (Spring, 1992), pp. 146-61.

6 Information on subsidized shipping between Charlottetown and St. John’s can be gleaned from Malcolm MacLeod, “Subsidized Steamers”, p. 79.

7 Angus MacLean, *Making it home: memoirs of J. Angus MacLean* (Charlottetown, 1998), pp. 20-1.

8 For an overview of Newfoundland’s wartime development see Conrad and Hiller, pp. 181-3. For a more detailed examination see Peter Neary, *Newfoundland in the North Atlantic World, 1929-1949* (Montreal and Kingston, 1988), esp. pp. 109-213.

Strait to meet this new-found demand, the live beef-cattle trade experienced particular difficulties.

It was fortunate for Island cattle farmers that Walter Jones was their premier when wartime pressures threatened their trade with Newfoundland. A well-educated farmer, with experience in exporting cattle to Newfoundland, Jones was a shrewd and purposeful politician. After receiving his Bachelor of Arts from Acadia University in 1904, he briefly taught on the Island before furthering his education at the Ontario Agricultural College from which he matriculated in 1909. He then moved to the United States, where he taught at Virginia's Hampton Agricultural Institute, leaving that position to become assistant superintendent of the American government's experimental farm in Arlington, Virginia. In 1913 Jones returned to Prince Edward Island eager to apply his formal scientific training to farming. He experimented with cattle breeding, and was so successful that one of his Holsteins, the *Abegweit Milady*, set world records for milk and butterfat production. In May 1935 he was awarded the King's Silver Jubilee Medal for his contributions to agriculture. That same year, he was elected to the Prince Edward Island legislature although he was, for a time, relegated to the backbenches by a Liberal Party wary of his flirtation with the Progressives in the 1921 federal election. It was not until he became premier in 1943 that Jones formally became part of the Liberal establishment.⁹ Casting himself as the "Farmer Premier", he soon earned the respect of many people on the agriculture-dependent Island.

As the Farmer Premier, Jones was well aware of the changes taking place in agricultural production and marketing. The decades preceding the war saw the rapid rise and modernization of the seed potato industry on PEI, changes that necessitated larger and more modern methods of transportation to get the increased Island output to distant markets. As a result, reliance on the traditional method of exporting Island goods, a coasting schooner sailing from various outport communities, gradually declined.¹⁰ In contrast to the traditional coastal trade, modern shipping was concentrated at a central location where bulk carriers could be accommodated at wharves specially designed for them. While Jones did not lobby for a modern carrier – indeed, his preferred ship for the Newfoundland trade was nearly 60 years old – his desire for a steamer dedicated to plying the waters between Charlottetown and St. John's shows that he endeavoured to adapt the Island cattle industry to the modernizing framework suggested by earlier alterations in the seed potato industry. The shipping pressures that arose during the Second World War only served to strengthen the need, both real and perceived, for a subsidized steamer sailing to Newfoundland from a centralized location.

In wartime conditions PEI-Newfoundland trade faced a number of challenges. Demands on shipping curtailed PEI's ability to transport goods across the Cabot Strait while the issuing of essentiality certificates – or import permits – in large numbers to companies not firmly entrenched in the Newfoundland market further eroded PEI's

9 Wayne E. MacKinnon, *The Life of the Party: A History of the Liberal Party in Prince Edward Island* (Summerside, 1973), pp. 109-10. For more on Jones see Wayne E. MacKinnon, "The Farmer Premier: J. Walter Jones and His Vision of Prince Edward Island", *The Island Magazine*, 35 (Spring-Summer 1994), pp. 3-9 and Edward MacDonald, *If You're Stronghearted*, p. 218.

10 For more on the modernization of the seed potato industry in Prince Edward Island see Edward MacDonald, *If You're Stronghearted*, pp. 132-8.

competitive position. Central Canadian-based firms such as Canada Packers began to strengthen their hold on the Newfoundland beef-cattle market, a development summarized by a PEI Federation of Agriculture brief submitted to the Island legislature in 1945: "Under wartime conditions there had developed a competition in Newfoundland from larger concerns in other provinces that bids fair to supplant our own Provincial interests in this market".¹¹ Early in 1944, in an effort to protect a lucrative market, Jones appointed William Agnew to serve as the Island's trade representative in Newfoundland.¹² In his first dispatch home, Agnew described the limited capacity available for shipping cattle on the North Sydney-to-Port aux Basques ferry, which produced a major bottleneck at a time when the Newfoundland cattle market was expanding dramatically.¹³ Between 1 and 25 May 1944, Agnew claimed, about 600 head of cattle had been shipped across the Cabot Strait, "more than in three months last year around this time".¹⁴

This increase in cattle shipments was the outcome of a trade agreement reached in March 1943 at a meeting in Washington in which Newfoundland promised to exchange "as large quantities as possible" of dried fish in return for "a very long list" of much-needed foodstuffs.¹⁵ Among other things, Canada agreed to supply Newfoundland with 3,840 head of live cattle annually, a 20 per cent increase over the pre-war estimates.¹⁶ Although this agreement went a long way towards fulfilling Newfoundland's demands, the Newfoundland government also had control over what could be imported. Under the terms of this agreement, Newfoundland was required to furnish the Export Permit Branch of Canada's Department of Trade and Commerce with a "certificate of

- 11 Prince Edward Island Federation of Agriculture Brief to Members of the Prince Edward Island Legislature, 12 April 1945, RG 25, series 33, subseries 3, file 1b, Jones Papers, PEIPARO. A 1944 letter from F.S. Grisdale to J. Ralph Kirk confirms this development. As Grisdale informed Kirk: "The tendency during the last few months has been for the Newfoundland Government to give their orders for live cattle to the large packing companies who purchase and ship cattle from the provinces of Quebec and Ontario rather than from the Maritimes". See F.S. Grisdale to J. Ralph Kirk, 16 June 1944, RG 25, series 33, subseries 2, file 10, Jones Papers, PEIPARO. As PEI trade representative to Newfoundland William Agnew observed from St. John's, "Canada Packers Ltd. and Swifts [another central Canadian meat-packing firm] have got things pretty well their own way as far as the cattle trade is concerned". See W.E. Agnew to J. Walter Jones, 7 June 1944, RG 25, series 33, subseries 3, file 25, Jones Papers, PEIPARO.
- 12 William Agnew came from a prominent PEI family. He was the son of former Island Liberal MLA and businessman John Agnew. It is uncertain exactly when Jones appointed Agnew; the earliest reference to Agnew's mission to Newfoundland is found in a letter from Agnew to Jones dated 25 May 1944 from North Sydney, Nova Scotia, while he was on route to Newfoundland. See W.E. Agnew to J. Walter Jones, 25 May 1944, RG 25, series 33, subseries 3, file 25, Jones Papers, PEIPARO as well as J. Walter Jones to Whom it May Concern, 22 January 1945, RG 25, series 33, subseries 1, file 1A, Jones Papers, PEIPARO.
- 13 W.E. Agnew to J. Walter Jones, 25 May 1944, RG 25, series 33, subseries 3, file 25, Jones Papers, PEIPARO. For the presence of Walter Jones's cattle in Newfoundland see Hilda Chaulk Murray, *Cows Don't Know its Sunday: Agricultural Life in St. John's* (St. John's, 2002), p. 244.
- 14 W.E. Agnew to J. Walter Jones, 25 May 1944, RG 25, series 33, subseries 3, file 25, Jones Papers, PEIPARO.
- 15 James G. Gardiner to John A. McDonald, 5 January 1944, RG 25, series 33, subseries 2, file 8, Jones Papers, PEIPARO.
- 16 In addition, Canada would supply Newfoundland with two million pounds of dressed beef. See James G. Gardiner to John A. McDonald, 5 January 1944, RG 25, series 33, subseries 2, file 8, Jones Papers, PEIPARO.

essentiality” for all rationed goods to be exported to the island. By withholding these certificates, the Newfoundland government could potentially bar products from entry.¹⁷

Soon after the agreement was reached Canadian cattle shipments to Newfoundland increased, but the sudden influx of cattle presented its own difficulties. By September 1943, after only 1,499 head of cattle had crossed the Cabot Strait, a Newfoundland delegation led by Sir J.C. Puddester, who was in charge of the colony’s food and price controls, travelled to Ottawa to renegotiate the agreement. At a series of meetings attended by representatives of the United States, Canada and Newfoundland, Puddester detailed the unexpected problems with the system that had emerged over the summer.¹⁸ Apparently, it had proven difficult for Newfoundland authorities to control the distribution of live beef, most of which was being shipped to the Avalon Peninsula. Once there, live cattle changed hands numerous times and were often privately slaughtered, with the predictable outcome that the meat did not enter the regular distribution channels to be sold to the general public. The freshly slaughtered Canadian meat that managed to enter the ordinary food supply also caused problems. Newfoundland had no price ceiling on fresh beef, and, as a result, it could sell for a significant sum. This gave the dealers “an extortionate profit on the imported product to the disadvantage of the consumer”.¹⁹ Moreover, Newfoundland was ill-prepared for the sudden influx of vast numbers of live cattle. Since cattle feed was in short supply, imported animals had to be slaughtered soon after arrival. Finally, Puddester suggested that bringing live animals to Newfoundland was wasteful shipping, as the space required to move 8,000 pounds of cattle could transport 30,000 pounds of dressed meat. In light of these concerns, the Newfoundland statesman asked that the export of live Canadian cattle to Newfoundland be discontinued and that the quota on dressed beef be increased on the basis of 500 pounds of dressed beef for each head of cattle mandated by the 1943 agreement. In an example of hardball negotiating, the Newfoundland government began to withhold the necessary essentiality certificates

17 The essentiality certificate system is spelled out in K.L. Melvin to J.B. Lander, 25 August 1943, RG 64, vol. 915, file 1-26-6 (Supplies for NFLD), Library and Archives Canada (LAC).

18 In addition to Puddester, Newfoundland was represented by the following officials: Ray Manning, secretary to the Department of Public Works; W.E. Curtis, Newfoundland government supplies officer; H.R. Brookes, a member of the Priorities Committee and chairman of the Wholesale Provision section of the Newfoundland Board of Trade; R.G. Winter, a member of the Newfoundland Transportation Board; F.E. Hue, Newfoundland supply liaison to Washington; and advisors F. Blair and C.C. Polkinghorne. The Canadian delegation included the following officials: R.A. Mackay and H.F. Feaver of the Department of External Affairs; R.E. Robinson of the Department of Munitions and Supply; R. Geddes and M.B. Palmer of the Supply Division of the Wartime Prices and Trade Board; C.M. Croft, director of the Commercial Intelligence Service of the Department of Trade and Commerce; Dr. George Britnell, E.J. Jordan and G.R. Hawkins of the Foods Administration Division of the Wartime Prices and Trade Board, Dr. H. Derby, F.W. Presant and L.W. Pearsell of the Department of Agriculture; and J.H. English, G.D. Mallory, T. Grant Major and V.E. Duclos of the Department of Trade and Commerce. Also in attendance was Canadian Government Trade Commissioner to Newfoundland R.J. Bower. The United States sent two representatives: F.J. Cogan and Ray Milans of Washington’s Office of Economic Warfare. See R.P. Bower to C.J. Burchell, 28 October 1943, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

19 Copy of letter from James Gardiner to John A. McDonald, 5 January 1944, RG 25, series 33, subseries 2, file 8, Jones Papers, PEIPARO.

for live cattle on the grounds that, while the colony was granted a quota of 3,280 live cattle, it was under no obligation to accept them.²⁰

Troubled by the proposal of the Newfoundland delegates, Jones wrote to Canadian High Commissioner to Newfoundland, C.J. Burchell, to get his insight into the matter. Burchell replied that the proposal to ban live cattle imports had been generated by Newfoundland's Commission of Government and that many Newfoundlanders were themselves against it.²¹ This appears to be the case. In October 1943, George Neal, a St John's-based meat seller, wrote to Deputy Food Controller E.C. Price in the Commission of Government to express his dismay at the proposed ban. Neal had been selling Canadian livestock for over 25 years and was of the opinion that "the public requires fresh beef and are not anxious for frozen or chilled beef when they can get that which is freshly killed". Neal implored Price to check with the butchers of St. John's. He was confident that they, too, would be against a ban on live Canadian cattle that favoured dressed beef, as there would not be much meat-cutting work for beef that had already been processed.²²

The prospect of a ban on live-cattle imports to Newfoundland and the threat of a hardline stance on essentiality certificates by the Newfoundland government occasioned a maelstrom of protest in the Maritimes. The region's cattle exporters, particularly those in PEI and eastern Nova Scotia, believed that reworking the agreement would curtail a long-standing export business. This news prompted Jones to again write Burchell, informing the high commissioner of his intention to go to Newfoundland to see if he could do anything to remedy the matter, for if the ban stayed in place it would be "extremely harmful to the interests of Prince Edward Island".²³ Burchell informed Ottawa of the premier's intentions and Jones's concerns were answered by Department of National Defence Staff Secretary James E. Wells, an Islander who had served as an advisor to Jones's predecessor Thane Campbell. No doubt Jones was disappointed with Wells's reply, in which he stated that "I do not see what we can do from here." Yet Wells encouraged Jones to take up the matter with officials in St. John's, since "on the whole . . . [your] original idea of going to Newfoundland yourself would be more apt to produce satisfactory results than anything else".²⁴

Before going to Newfoundland, Jones was contacted on 3 November 1943 by Baron & Lewis Co., a firm of St. John's lawyers who represented more than 100 of that city's butchers. Together, Jones and the barristers conspired to stage a demonstration in St. John's, believing that "a strong protest from the residents of Newfoundland to the Prime Minister of Canada" might elicit support from no less a figure than William Lyon Mackenzie King. The protest failed to materialize when, on

20 See, for example, L.W. Pearsell to F.W. Walsh, 2 October 1943, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO, which mentions that Eastern Co-operative Services Ltd was denied an essentiality certificate for shipping live cattle to Newfoundland.

21 For the mood in Newfoundland see the editorial in the St. John's *Evening Telegram*, 28 October 1943, p. 6.

22 Copy of letter from George Neal to E.C. Price, 22 October 1943, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

23 J. Walter Jones to C.J. Burchell, 27 October 1943, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

24 James E. Wells to J. Walter Jones, 3 November 1943, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

13 November, Baron & Lewis was able to gain an audience with the Newfoundland commissioner for public health and welfare. While the commissioner would not agree to halt the ban on the importation of live cattle, the protest was called off when the commissioner agreed that he would review the situation by the coming spring.²⁵

Jones was of the opinion that the problems would be resolved before the commissioner's review because, even with a larger quota of dressed beef, demand would outstrip supply.²⁶ "I expect", Jones wrote, "they will have to order animals on the hoof, if they want to eat beef".²⁷ But the situation was more complicated than Jones had anticipated. One of Newfoundland's primary objections to the importation of live cattle was that there was not enough feed to support the imported beef cattle along with the colony's dairy herds. The supply of cattle feed grew so precarious in the fall of 1943 that Puddester met with United States officials in an effort to resolve the problem. Although he was successful in securing feed from the United States for some Newfoundland dairy farmers, this came too late as they had already begun to thin their herds. As R.P. Bower, the Canadian government's trade commissioner to Newfoundland, explained in a letter to C.J. Burchell: "This automatically removes one of the principle [*sic*] objections to the importation of livestock for local slaughter".²⁸ In light of the thinning of the island's herds and Puddester's successful trip to the United States, there no longer remained any need to curtail shipments of Canadian cattle to Newfoundland on account of an insufficient feed supply and the trade was allowed to resume subject to the terms of the original agreement.

Still, the demand for beef in wartime Newfoundland outpaced supply and, in return for Newfoundland accepting the full quota of live cattle, Canada agreed to increase the export quota for carcass beef by 600,000 pounds.²⁹ The immediate beneficiaries of the new agreement were cattle farmers in Prince Edward Island. In November 1943 the only permits being issued by the federal government for live cattle export to Newfoundland went to Islanders. Officials in Ottawa, many of them schooled in the politics of the Maritime Rights movement of the 1920s, understood the resentment of "Upper Canadian" dominance that prevailed in the Maritime Provinces. Recognizing that "the continuance of this trade is a matter of some importance to both Prince Edward Island and Newfoundland", they were reluctant to disrupt a longstanding trading relationship.³⁰ There were also practical reasons for giving Maritime

25 P.J. Lewis to J. Walter Jones, 13 November 1943, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

26 J. Walter Jones to Baron & Lewis, 25 November 1943, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

27 J. Walter Jones to C.J. Burchell, 22 November 1943, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

28 R.P. Bower to C.J. Burchell, 27 November 1943, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

29 Copy of letter from James Gardiner to John A. McDonald, 5 January 1944, RG 25, series 33, subseries 2, file 8, Jones Papers, PEIPARO; R.P. Bower to C.J. Burchell, 27 November 1943, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO. "Carcass beef" is the same as "dressed beef".

30 K.W. Taylor, co-ordinator, Foods Administration, to D. Gordon, 13 November 1943, RG 64, vol. 1045, file 6-1-5-1, vol. 1, LAC. This seems to have been a temporary measure, as within a year cattle from across the Maritimes could be shipped to Newfoundland, although the majority still came from PEI. See W.R. Ingram, "Re: Newfoundland Live Cattle", 24 October 1944, RG 64, vol. 1045, file 6-1-5-1, vol. 3, LAC.

producers preference in the Newfoundland trade. As an August 1943 letter from W.R. Ingram, special assistant in Ottawa's Food Administration Branch of the Wartime Prices and Trade Board, to A.G. Hall of Canada Packers stated: "It just so happens that geographically, Prince Edward Island is possibly better located than any other point to make the shipments of live cattle to Newfoundland".³¹

Limiting the ability of central Canadian firms such as Dunn & Lavasir, Swifts and Canada Packers to sell live cattle to Newfoundland underscored the problems faced by Maritime cattle producers in competing in an open market. The region's difficulties were not lost on bureaucrats in Ottawa. In June 1944, F.S. Grisdale, a functionary with the Wartime Prices and Trade Board, cautioned Nova Scotia MP J. Ralph Kirk on the need to regulate cattle shipments to Newfoundland, because "without close attention to this phase of cattle exports there would be a definite trend to the transferring of the export business from the small operators to the larger operators that would export from the interior of Canada rather than from the Maritime Provinces".³²

Despite sustained protests, most notably from Canada Packers, the federal government proved quite firm in its commitment to giving Maritime producers preferred status for cattle shipments to the Newfoundland market. On 27 June 1944, A.G. Hall again wrote to Ingram, complaining that he had more cattle than the Ontario market could adequately handle, and suggesting that he be allowed to ship them to St. John's and Corner Brook. In his response, Ingram emphasized that "we cannot meet your views or change our position in connection with filling these order[s] except from the Maritimes".³³ Hall stubbornly refused to acknowledge that the Maritimes should have the exclusive claim on the Newfoundland market, stating that he could not "see any very good business reason why we should be refused permission to ship these Cattle from Toronto".³⁴ But Ingram left no room for misinterpretation: "There is a definite reason for the decision to allow Cattle to move only from the Maritimes, principally P.E.I. to Newfoundland. . . . Newfoundland has been a natural outlet for their surplus cattle for many years".³⁵ Ingram suggested that Canada Packers purchase its cattle from Maritime beef farmers and then ship to Newfoundland from within the region. As the Ottawa mandarin made clear to the meat packer, "so long as these cattle are being moved from the Maritimes", Canada Packers would have no problems gaining the required export permits from the federal government.³⁶

Canada Packers followed Ingram's advice and began to purchase PEI cattle to sell in Newfoundland. It did so, it seems, not to assist PEI-Newfoundland trade relations but to undermine them. According to Walter Jones, Canada Packers purchased poor-quality PEI beef cattle in an effort to "sabotage" the Island's burgeoning beef trade with Newfoundland. Canada Packers, Jones contended, was "using their agents to buy up the meanest kind of stuff that can be purchased and are shipping them to

31 W.R. Ingram to A.G. Hall, 13 August 1943, RG 64, vol. 1045, file 6-1-5-1, vol. 1, LAC.

32 F.S. Grisdale to J. Ralph Kirk, 9 June 1944, RG 64, vol. 1045, file 6-1-5-1, vol. 1, LAC.

33 See A.G. Hall to W.R. Ingram, 27 June 1944, RG 64, vol. 1045, file 6-1-5-1, vol. 1, LAC as well as W.R. Ingram to A.G. Hall, 28 June 1944, RG 64, vol. 1045, file 6-1-5-1, vol. 1, LAC.

34 A.G. Hall to W.R. Ingram, 29 June 1944, RG 64, vol. 1045, file 6-1-5-1, vol. 1, LAC.

35 W.R. Ingram to A.G. Hall, 30 June 1944, RG 64, vol. 1045, file 6-1-5-1, vol. 1, LAC.

36 W.R. Ingram to A.G. Hall, 15 August 1944, RG 64, vol. 1045, file 6-1-5-1, vol. 3, LAC.

Newfoundland”.³⁷ This had a profound impact on the calibre of Island cattle being exported. As the PEI Federation of Agriculture reported: “Live cattle shipments [to Newfoundland] have turned out . . . very disappointing and yields of about 40 per cent of an inferior quality have been reported”.³⁸ Jones contended that this approach would lead Newfoundlanders to equate Island cattle with second-rate products, and that they would then demand that their government allow the cattle trade to once again become deregulated. The fact that Canada Packers obtained one-third of the 1944 essentiality permits made this scheme especially dangerous, and caused Walter Jones a great deal of concern.³⁹

While the government could mandate that only dressed beef of a certain grade could be exported, live cattle were quite different, as there was no such quality control system in place.⁴⁰ Grisdale advised Jones that quality requirements for PEI export cattle could be developed, but that these rules would have to be applied across the board to all exporters. “I can see where there would be great difficulties”, Grisdale told the premier, “. . . particularly if the standard of export quality of cattle was high and the Government inspectors culled out a large percentage of the purchases made by Canada Packers”.⁴¹ Although it is difficult to determine if, as Jones contended, Canada Packers actually tried to discredit the PEI cattle industry by shipping substandard Island cattle to Newfoundland – an approach that would seemingly hurt Canada Packers as much as Island cattle farmers – the fact that Jones believed they would try so devious a ploy is indicative of the tensions that existed between Maritime farmers and central Canadian industry, and it may partially account for the arbitrary manner in which Jones dealt with the 1947 strike at the Canada Packers’ Charlottetown plant.⁴²

As long as wartime regulations prevailed, the federal government remained committed to Maritime-based suppliers for the Newfoundland market. However, Prince Edward Island’s preferential status with respect to beef exports to Newfoundland meant little without a reliable means of getting the product across the Cabot Strait. In 1942, the federal government initiated a one-year subsidy for a steamer to travel from Charlottetown to St. John’s every three weeks; however, the vessel was often inadequate to the needs of Island cattle exporters because cattle took second place to other wartime supplies. As a result, Island cattle producers were

37 J. Walter Jones to F.S. Grisdale, 1 September 1944, RG 25, series 33, subseries 3, file 10, Jones Papers, PEIPARO.

38 Prince Edward Island Federation of Agriculture Brief to Members of the Prince Edward Island Legislature, 12 April 1945, RG 25, series 33, subseries 3, file 1b, Jones Papers, PEIPARO.

39 J. Walter Jones to F.S. Grisdale, 31 August 1944, RG 64, vol. 1045, file 6-1-5-1, vol. 2, LAC. See also J. Walter Jones to F.S. Grisdale, 1 September 1944, RG 25, series 33, subseries 3, file 10, Jones Papers, PEIPARO, where Jones asks Grisdale to try to limit the number of essentiality certificates being granted to Canada Packers.

40 The institution of a quality control system was something that the Prince Edward Island Federation of Agriculture called for: “We would suggest to the Government, the need of having live cattle, consigned to Newfoundland, carefully inspected and graded before shipment from this Province, thus giving the purchaser making orders here, some definite knowledge of what he is buying”. See Prince Edward Island Federation of Agriculture Brief to Members of the Prince Edward Island Legislature, 12 April 1945, RG 25, series 33, subseries 3, file 1b, Jones Papers, PEIPARO.

41 F.S. Grisdale to J. Walter Jones, 2 September 1944, RG 64, vol. 1045, file 6-1-5-1, vol. 2, LAC.

42 For more on the 1947 strike at the Charlottetown Canada Packers plant see Edward MacDonald, *If You’re Stronghearted*, p. 234.

increasingly obliged to rely on the North Sydney-Port aux Basques ferry that made three trips weekly. Since most goods shipped from the Canadian mainland to Newfoundland also took this ferry, and the ferry was on a first come-first serve basis, delays inevitably developed that took a toll on live cattle and dressed beef alike. The October 1942 sinking of the ferry *Caribou*, one of the few ships capable of shipping cattle across the strait, only served to amplify crossing delays.⁴³ The obvious solution, as the Prince Edward Island Federation of Agriculture made clear, was for the provincial government to institute “a special Prince Edward Island-Newfoundland service under such controls as will insure every shipper, farmer, dealer or cooperative, an opportunity of utilizing the space so provided”.⁴⁴

The desirability of a direct Charlottetown-St. John’s route was underscored by the actions of the Newfoundland government-operated Newfoundland Railway, which routinely applied an embargo on imported live cattle intended for slaughter in the butcheries of St. John’s upon their arrival in Port aux Basques. Notoriously difficult to handle as cargo, live cattle were often the first to be embargoed when space became a consideration on trains running from Port aux Basques to the Newfoundland capital. A widespread embargo had the potential to substantially delay the shipment of live cattle from the docks of North Sydney to St. John’s. For J. Ralph Kirk the solution was as obvious as it was problematic: “Those who are in a position to ship by an all-water route . . . will of course be fine, but the scarcity of vessels or steamers since the war began is a serious handicap”.⁴⁵

Another impediment to Prince Edward Island-Newfoundland shipping was the threat posed by German U-boats that penetrated the Gulf of the St. Lawrence and wreaked havoc, sinking 21 vessels in addition to the ferry *Caribou*.⁴⁶ Even with the added lure of a government subsidy, private companies were reluctant to ply the route. C.D. Howe, Canada’s minister of reconstruction, noted in 1944 that “it has been practically impossible to secure boats to carry livestock and hay – two of the commodities we desire most to ship”.⁴⁷

The few ships that braved the perilous waters between Prince Edward Island and Newfoundland often proved insufficient to the task. In early July 1944, the *Meigle*, a diesel schooner that had seen nearly 60 years of service, left Charlottetown for Newfoundland with a full hold, yet it still left a great deal of freight on Island wharves. This was because the *Meigle* was already “filled nearly half full” with gasoline, munitions and other wartime necessities, having been conscripted into carrying war-related goods to Newfoundland for the federal government. The problem

43 For a study of the sinking of the *Caribou* see Malcolm MacLeod, “Death by Choice or by Chance: U-69 and the First Newfoundland Ferry *Caribou*”, *Newfoundland Studies*, 12, 1 (Spring/Fall 1996), pp. 1-15.

44 Prince Edward Island Federation of Agriculture Brief to Members of the Prince Edward Island Legislature, 12 April 1945, RG 25, series 33, subseries 3, file 1b, Jones Papers, PEIPARO.

45 J. Ralph Kirk to Dr. G.S.H. Barton, deputy minister of agriculture, 24 May 1944, RG 64, vol. 1045, file 6-1-5-1 vol. 1, LAC. For more on the Newfoundland Railway’s cattle embargo, see also James Gardiner to John A. McDonald, 5 January 1944, RG 25, series 33, subseries 2, file 8, PEIPARO.

46 Among the victims of the *Caribou* sinking were three cars of cattle destined for the Newfoundland market. See Malcolm MacLeod, “Death by Choice or by Chance: U-69 and the First Newfoundland Ferry *Caribou*”, p. 11.

47 Speech by C.D. Howe, 1944, RG 25, series 33, subseries 3, file 40, Jones Papers, PEIPARO.

of shipping capacity became so acute in 1943 that the provincial government hired a smaller vessel, the *Moyle River*, to make up for the limited space available on the *Meigle*.⁴⁸

As a result of these various impediments to reliable shipping between the two islands, Prince Edward Island products were often in short supply in Newfoundland. From his vantage point in Newfoundland, Agnew observed in May 1944 that “people here like our produce and will take larger supplies than they are now taking if and when we get better transport for our goods”.⁴⁹ Premier Jones mused in December 1943 that the province needed to secure its own “schooners to convey them [cattle] to several points in Newfoundland”.⁵⁰ When it became known that the government of Prince Edward Island was interested in purchasing a vessel of its own, a number of shipping companies wrote the premier in efforts to sell off portions of their fleet.⁵¹ Jones politely acknowledged the various offers, but there is no evidence to suggest that he considered any of them to be a serious answer to the province’s shipping woes.

One solution to the Prince Edward Island-Newfoundland shipping problem that received strong consideration was for the provincial government to acquire the *Meigle*, which was owned and operated by the Halifax-based Shaw Steamship Company.⁵² In an 18 July 1944 letter to James E. Wells, Jones mentioned the possibility of Prince Edward Island purchasing the *Meigle* should a “large subsidy” of \$50,000 per annum be available. A subsidy of this amount, Jones believed, could allow Prince Edward Island to purchase the ship and effectively travel the route. The only problem with this solution was that the province, as owner of the *Meigle*, would be responsible for the ship’s taxes.⁵³

C.B. Christian of Shaw Steamship Co. tried to address Jones’s taxation concerns

48 In 1943 the *Moyle River* made nine trips from Charlottetown to Newfoundland. See Oliver Master to J. Walter Jones, 10 March 1945, RG 25, series 33, subseries 2, file 32, Jones Papers, PEIPARO. See also Malcolm MacLeod, “Subsidized Steamers”, p. 79.

49 W.E. Agnew to J. Walter Jones, 27 May 1944, RG 25, series 33, subseries 3, file 25, Jones Papers, PEIPARO.

50 J. Walter Jones to P.J. Lewis, 16 December 1943, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

51 In February 1944, Cape Breton’s Hygeia Steamship Company Limited offered Jones their C.A. *Roland*, a 94-foot vessel of 102 gross tons for an outright cash purchase price of \$50,000 or at a lease rate of \$6,000 per month. In September of that same year Marine Industries Limited of Sorel, Quebec, approached Prince Edward Island with a vessel “140’ long, 30’ beam and 11’ deep” that could purportedly carry 600 tons of freight below decks. And in January 1945, Captain Lester Beck of Summerside proffered the services of his 104-foot freighter to the premier, although Beck was under the impression that the route only went as far as St. Pierre. See David G. Burchell to J. Walter Jones, 25 February 1944 and David G. Burchell to J. Walter Jones, 25 March 1944, RG 25, series 33, subseries 1, file 4:B, Jones Papers, PEIPARO; C.H. Boily to J. Walter Jones, 7 September 1944, RG 25, series 33, subseries 1, file 16: M, Jones Papers, PEIPARO; and Lester Beck to J. Walter Jones, 3 January 1945, RG 25, series 33, subseries 1, file 4: B, Jones Papers, PEIPARO.

52 Jones also apparently gave strong consideration to the *Patdoris*, a Scottish-built steam collier featuring two holds of 500 tonnes each. The British Admiralty had an option on the *Patdoris*, and with the war in its denouement “the United Kingdom Government has been buying up all suitable small boats they can get”. See J.L. Ralston to J. Walter Jones, 26 May 1944, RG 25, series 33, subseries 2, file 29, Jones Papers, PEIPARO.

53 J. Walter Jones to James E. Wells, 18 July 1944, RG 25, series 33, subseries 2, file 31, Jones Papers, PEIPARO.

by proposing that the province lease the vessel for a five-year period at \$50,000 per year. For this fee, the steamer would operate from April to December making two trips a month from Charlottetown to St. John's and, Christian added, "if necessary, . . . during certain periods of the season, the steamer might make three trips during the month from Charlottetown to St. John's direct".⁵⁴ Christian argued that the "acquisition" of the *Meigle* would also help alleviate the delays at the Borden ferry terminal occasioned by shipments routed to Newfoundland through North Sydney and Halifax. When Jones balked at the offer, Christian agreed to pay five per cent of the \$50,000 out of his own pocket. Even with Christian's concession, Jones found the \$50,000 per year price tag too much for a vessel that the government would not own, and he passed on the deal.⁵⁵

In absence of a dedicated steamer to serve the Prince Edward Island-Newfoundland route, Jones approached Canadian National Railways to assist him in securing a temporary solution for Prince Edward Island exports. The reply likely gave Jones much reason for optimism. The CNR's industrial representative in the Atlantic region, Arthur Day, informed the premier that a Newfoundland Railway boat, chartered from the Montreal Shipping Company, made regular trips from Montreal and was usually about 1000 tons light. This necessitated a stop in North Sydney to take on freight. As Day told Jones: "If there was cargo available in Charlottetown, it could be arranged for this boat to make your Capital a port of call".⁵⁶ Day further assisted Jones by contacting J.C. Britton, the Canadian government trade commissioner in Newfoundland, about the Island's desire to foster trade with Newfoundland, and he secured Britton's pledge to "co-operate with you in every way to introduce the products of P.E.I. into this country".⁵⁷ Having a man on the ground in Newfoundland also proved beneficial, as W.E. Agnew contacted E.E. Kirchner, manager of the Montreal Shipping Company, and put him in touch with Jones.⁵⁸ This fortuitous confluence of events prompted the Prince Edward Island government to enter into an arrangement with the Halifax office of the Montreal Shipping Company, an arrangement apparently abetted by the Newfoundland government's desire to ensure that its chartered ship was full as early in its voyage as possible. On 12 August 1944, Jones wrote Christian to let him know unequivocally that any deal with the Shaw Steamship Co. for the *Meigle* was off, as Prince Edward Island had entered into an agreement with the Montreal Shipping Company for the remainder of the year.

54 C.B. Christian to Walter Jones, 21 July 1944, RG 25, series 33, subseries 1, file 6c, Jones Papers, PEIPARO.

55 A letter from C.B. Christian to Walter Jones hints at this, as Christian informed Jones that he has "no doubt there are many offers of ships, the trouble is to get something suitable for that particular trade". See C.B. Christian to Walter Jones, 27 July 1944, RG 25, series 33, subseries 1, file 6c, Jones Papers, PEIPARO.

56 Arthur Day to J. Walter Jones, 31 July 1944, RG 25, series 33, subseries 1, file 6c: C, Jones Papers, PEIPARO.

57 Arthur Day to J. Walter Jones, 11 August 1944, RG 25, series 33, subseries 1, file 6c: C, Jones Papers, PEIPARO.

58 E.E. Kirchner indicates that it was Agnew's suggestion to the Newfoundland Railway that Kirchner contact Jones. See E.E. Kirchner to J. Walter Jones, 11 July 1944, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

Jones argued that “there was this angle to it, that it was difficult to get the necessary permits if we did not play ball with the Newfoundland Government”.⁵⁹ In other words, in return for ensuring that the Newfoundland Railway boat was full, the Newfoundland government would ensure that the Prince Edward Island producers had the necessary essentiality certificates for their exports. Given the challenges facing producers exporting livestock to Newfoundland the previous year, this sort of informal *quid pro quo* agreement no doubt had a certain appeal.

The services of the Montreal Shipping Company failed to live up to expectations. It made a bad first impression, for instance, by overcharging the Prince Edward Island government. Instead of living up to its agreement that the cost of shipping from Charlottetown to St. John’s would be the same 70 cents-per-one hundred pounds rate as was charged on shipments from Halifax to the Newfoundland capital, Islanders were charged 5 1/4 cents more, a discrepancy quickly acknowledged and remedied by the shipping company.⁶⁰ Of greater concern was the poor performance of the Montreal Shipping Company’s *Henry W. Stone*. It was unable to carry even 300 tons of Island potatoes and did not have a suitable deck load or on-deck storage area, something the company had intimated that the ship possessed during discussions with the Island government. As a result of its limited storage capacity, the ship had difficulty accommodating live cattle.

So bad was the service being provided that farmers were reluctant to take their products to the dockyards for fear that they would not get placed on the boat, and the provincial government had to commission assistance from the Shaw Steamship Co. to “clear up” the *Henry W. Stone*’s outstanding cargo, a development that displeased Montreal Shipping Company manager E.E. Kirchner.⁶¹ In a 5 September 1944 cable to Jones, a defensive Kirchner laid much of the blame for the shipping problems on the Islanders. He claimed that the Island tradition of “Old Home Week” had disrupted the *H.W. Stone*’s 15 August 1944 attempt to acquire a shipment, as farmers were apparently too distracted by the festivities to produce a full cargo. When the *H.W. Stone* returned a week later, considerable delays in loading it ensued and the vessel failed to receive a full load. As for the complaints regarding the company’s failure to ship cattle, Kirchner referred to the initial agreement, which stated ambiguously that “a larger steamer will be provided when sufficient cattle and cargo is offering”.⁶² It

59 J. Walter Jones to C.B. Christian, 12 August 1944, RG 25, series 33, subseries 1, file 6c: C. Jones Papers, PEIPARO. William Agnew had informed Jones of the desirability of appeasing Kirchner. Writing to Jones with regards to a meeting with the executives of the Montreal Shipping Company, Agnew stated that “these are the people that we really want to contact as they represent the Newfoundland Government and we can get many concessions by dealing with them”. See W.E. Agnew to J. Walter Jones, 10 July 1944, RG 25, series 33, subseries 3, file 25, Jones Papers, PEIPARO.

60 See E.E. Kirchner to J. Walter Jones, 11 August 1944, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO; J. Walter Jones to E.E. Kirchner, 2 October 1944, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO; and E.E. Kirchner to J. Walter Jones, 6 October 1944, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

61 J. Walter Jones to E.E. Kirchner, 2 September 1944, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

62 E.E. Kirchner to J. Walter Jones, 5 September 1944, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

was Kirchner's contention that until this time such a vessel had not been needed, as there simply had not been sufficient demand. In a passage that no doubt sat poorly with Jones, Kirchner trumpeted that he had made arrangements "to ship cattle for the time being through North Sydney and Port aux Basques and St. John's by Newfoundland steamer and Newfoundland Railway". Kirchner concluded his letter by advising Jones against making changes that might hinder the development of a successful trade relationship between Prince Edward Island and Newfoundland, such as "allowing the occasional stray vessel needing cargo" to disrupt the regular inter-island freight schedule. Kirchner's condescending appeal failed to convince Jones, who pointedly told the shipper that "the service [has been] most unsatisfactory and we think that probably we shall receive little or no credit for inaugurating it and a good deal of criticism for advising that the subsidy be applied in your case for the work that you are doing".⁶³

Prompted by the Montreal Shipping Company's disappointing service, and by the fear that this poor service would provoke an electoral revolt, the Island government again turned its attention to securing a dedicated ship for the trade. In February 1945, Jones wrote to Oliver Master, assistant deputy minister of Trade and Commerce, to state the case for an increased subsidy with which to assist this route, suggesting that an appropriate amount would be between \$50,000 and \$100,000, up significantly from the \$17,500 provided at that time. To justify this hefty increase Jones compared the subsidy granted the Charlottetown-St. John's route to those being used to assist other Maritime trade routes. The Pictou-Magdalen Islands ferry, which also called at Souris, he noted, received \$50,000 annually, "and she has not even carried freight from Prince Edward Island in the past year". A small steamer operating from Montague, Prince Edward Island, to Sydney received \$15,000. As Jones strenuously argued, "the trade with Newfoundland was at least ten times as important as either of these".⁶⁴ In recognition of the Newfoundland trade's importance, Jones requested \$50,000 annually to assist a steamer in making the run from Charlottetown to St. John's as well as a smaller \$10,000 subsidy for a diesel schooner to trade with Newfoundland's western outports. Jones was not the only Island politician lobbying for assistance to this trade route; the plan was also endorsed by Prince Edward Island MP J.L. Douglas, who had met with Minister of Trade and Commerce J.A. MacKinnon about putting a 1,000 ton boat on fortnightly service between Charlottetown and St. John's with a \$60,000 annual subsidy.⁶⁵

Despite the active lobbying by the Island's provincial and federal politicians for a subsidy to purchase a vessel, Ottawa was content to maintain the status quo. H.W. Mills, director of the Montreal Shipping Company, wrote F.E. Bawden, director of trade routes and steamship subsidies for the Department of Trade and Commerce, to inform him that he had convinced the Newfoundland Railway to replace the unsatisfactory *Henry W. Stone* with the steamer *John Cabot* for the Prince Edward

63 J. Walter Jones to E.E. Kirchner, 18 October 1944, RG 25, series 33, subseries 3, file 24, Jones Papers, PEIPARO.

64 J. Walter Jones to Oliver Master, 26 February 1945, RG 25, series 33, subseries 2, file 32, Jones Papers, PEIPARO.

65 See Oliver Master to J. Walter Jones, 10 March 1945, RG 25, series 33, subseries 2, file 32, Jones Papers, PEIPARO.

Island-Newfoundland route. The *John Cabot* would make three trips every two months for a subsidy of \$4,500 per trip. One of the key shortcomings of this agreement was that it made Prince Edward Island products the second option, since the ship would be bunkered in Sydney. Although Mills stated that he would “guarantee to leave sufficient space to take care of all cargo and cattle which the Prince Edward Island authorities have available when the vessel leaves Sydney”,⁶⁶ goods shipped through North Sydney would still be loaded on the vessel first. This presented the very real possibility that there would be insufficient space on board for Prince Edward Island products once the ship reached Charlottetown. As Jones informed Bawden when told of the proposed plan in April 1945, “we have no objections to this plan if the ship sails from Charlottetown and loads all the freight we offer first and . . . in so far as cattle and other live-stock are concerned, we should have priority for them as our rail-haul is too long and costly for such freight”.⁶⁷ Since this plan was basically what MP Douglas had lobbied for, Jones agreed to it and an order-in-council was passed in Parliament authorising a \$4,500 per trip subsidy to the route, but not before Jones’s persistent lobbying had raised the ire of Prime Minister Mackenzie King, who recorded in his diary that the PEI premier was “extreme in everything”.⁶⁸

With war’s end Canada began to adapt to a peacetime economy. A large part of this adaptation revolved around the Canadian export trade. Its economic position weakened by the recently completed conflict, Great Britain was unwilling to match its pre-war commitments to Canadian imports. With the British capacity for Canadian products diminished, Canada began to focus on the continental market and exports to the United States rose significantly, especially in selected agricultural goods.⁶⁹ With the vast American market seemingly ripe for the picking, fostering PEI trade with Newfoundland was low on Ottawa’s priority list, and PEI’s wartime problems of securing adequate shipping capacity for the St. John’s route persisted. During the war Ottawa had proven reluctant to invest in the Island – little would change during the post-war era.⁷⁰

Ottawa’s commitment to assist with transporting PEI goods on the *John Cabot*, for instance, did little to solve the province’s shipping woes, and the vessel soon proved as disappointing to Islanders as the *Henry W. Stone* had been. By November 1945, Jones was writing Minister of Reconstruction C.D. Howe to voice his concerns with the boat and its services. Jones’s first complaint was that the \$4,500 subsidy per voyage for the ship was simply too high, especially for a steamer of such limited use. As Jones told Howe: “This is a most unsatisfactory ship and at the moment is fully

66 H.W. Mills to F.E. Bawden, 6 April 1945, RG 25, series 33, subseries 1, file 5, Jones Papers, PEIPARO.

67 J. Walter Jones to F.E. Bawden, 11 April 1945, RG 25, series 33, subseries 1, file 5, Jones Papers, PEIPARO.

68 William Lyon Mackenzie King Diary, 1 February 1945, MG 26, LAC.

69 Robert Bothwell, *C.D. Howe: A Biography* (Toronto, 1979), pp. 229, 235.

70 During the war the Department of Munitions and Supply invested \$1.6 billion for the expansion of Canadian industry. Of this amount PEI received nothing. Support for the already established Island shipbuilding industry was almost as meagre, with Ottawa only providing \$400,000 to PEI shipbuilders over the course of the conflict. See Ernest Forbes, “Consolidating Disparity”, p. 20.

loaded with livestock and produce and is laid up for days for repairs before they can sail". And this was not merely an isolated incident; such delays had happened on several occasions, with the result that Prince Edward Island livestock "arrives in very poor condition".⁷¹ For a province trying to make a favourable impression on Newfoundland merchants in the face of competition from central Canadian suppliers, this situation was untenable.

Jones urged C.D. Howe to allocate two soon-to-be decommissioned military supply-ships to the trade. Jones had even picked out two that he felt would be especially appropriate: the *Mohawk* and the *Beaver*. The larger of the two, the *Beaver*, was a diesel schooner of 460 tons, which the Island premier believed would be well-suited to make the trip between the two island capitals. The smaller *Mohawk*, a 150-ton vessel, was better suited to the outport trade. Reluctant to set a precedent by making a cash payment to the provincial government, Ottawa apparently suggested that the province be given the *Beaver* and the *Mohawk* in partial or whole payment for a claim against the Department of Defence for damage to Island roads.⁷² The deal seems not to have been finalized as the Wartime Assets Board advertised the sale of the *Mohawk* in the *Halifax Herald* shortly after Jones broached the matter to Howe. Jones wrote the board about the matter, informing them of Prince Edward Island's ongoing interest in the vessel. "We are anxious to get her for the trade to Newfoundland and the outports", Jones said, "and think she will be very suitable". To this end, the Island government made an offer of \$25,000, which amounted to about a third of the ship's value when it was launched. Jones further asked the board to give him the right of first refusal on the vessel, stating that he hoped that they would "communicate with us to see if we will be willing to give a few thousand dollars higher, if it is necessary".⁷³ When P.A. Belanger of the Wartime Assets Board's Marine Section responded that "\$25,000.00 is an extremely low price for such a vessel",⁷⁴ Jones contacted one of his Island connections, Kingsborough, PEI-born Deputy Minister for Air H.F. Gordon, and implored him to "use your good offices to make it a deal for us".⁷⁵

It is uncertain how much sway the deputy minister held with the Wartime Assets Board in the reallocation of wartime shipping to domestic service. It seems reasonable to conclude that the board's asking price remained more than Prince Edward Island was willing to spend since the province ultimately did not purchase its own vessel for inter-island trade. This is not to say that Jones came up empty-handed in his petitioning of Ottawa. He was able to secure a four-year extension of the previous year's subsidy with the federal government's commitment to support 12 trips between

71 J. Walter Jones to C.D. Howe, 12 November 1945, RG 25, series 33, subseries 2, file 11, Jones Papers, PEIPARO.

72 J. Walter Jones to C.D. Howe, 12 November 1945, RG 25, series 33, subseries 2, file 11, Jones Papers, PEIPARO.

73 J. Walter Jones to W.W. Morley, 11 December 1945, RG 25, series 33, subseries 3, file 46, Jones Papers, PEIPARO.

74 P.A. Belanger to J. Walter Jones, 17 December 1945, RG 25, series 33, subseries 3, file 25, Jones Papers, PEIPARO.

75 J. Walter Jones to H.F. Gordon, 18 December 1945, RG 25, series 33, subseries 3, file 45, Jones Papers, PEIPARO.

the two islands with a subsidy of \$4500 per voyage. This amounted to a yearly subsidy of \$54,000 dedicated to the PEI-Newfoundland route, a subsidy that should have greatly improved PEI's ability to ship its products across the Cabot Strait.

The subsidy was granted without competition to Desmond Clarke, a Toronto-born and Montreal-based businessman with a record of receiving federal assistance to ship to Newfoundland and Labrador.⁷⁶ With this money, Clarke founded the Inter Island Steamship Company and began operation of the aptly-named *Island Connector*, a diesel schooner that travelled the Charlottetown-St. John's route for four years commencing in 1946.⁷⁷ F.E. Bawden, Ottawa's director of trade routes and steamship subsidies, justified this decision to the minister of Trade and Commerce by outlining the substandard service that the Newfoundland Railway's *John Cabot* had given to PEI the previous year. The Newfoundland Railway's boat, Bawden wrote, "was frequently late, which caused considerable distress to Prince Edward Island shippers who had their cattle and produce down on the wharf waiting in some cases several days before the ship arrived to take them". Dissatisfaction persisted even after Island products were loaded on the boat. First, the *John Cabot* was not originally designed to carry livestock and was therefore unable to carry as many cattle as Island exporters wished. Second, the boat was notoriously slow, with a maximum speed of a mere eight knots. Clarke, meanwhile, promised a new 1,000 ton-ship specifically designed to transport livestock, with a top speed of 11 knots, which he would deliver for the same price as was paid Newfoundland Railway for the unsatisfactory *John Cabot*. As Bawden informed MacKinnon in recommending Clarke, "I know of no one else who would be capable of handling this business . . . and this offer [of a \$54,000 subsidy] would provide a better service than has at any time been previously performed on this route".⁷⁸ Based on this strong endorsement, MacKinnon quickly approved a four-year contract for Clarke to provide for the Charlottetown-St. John's route without issuing a tender for alternative bids.

That the contract offered the Inter Island Steamship Company was to run for four years is not without significance. As Bawden made clear in his letter to MacKinnon endorsing Clarke, any contract that was to run for five years or longer would require the parliamentary endorsement of an order-in-council. To receive such an endorsement could take some time, and this would be especially true were Maritime parliamentarians to take exception to the granting of non-tendered contract to a central-Canadian firm without any allowance for bids from shippers situated within their constituencies. While MacKinnon surely sped up the process by granting Clarke a non-competitive contract, the four-year term of the deal effectively prevented Maritime politicians from having their say in the House of Commons on the matter. This legislative loophole did not, however, silence Maritime shipping interests.⁷⁹

The granting of a subsidy for the PEI-Newfoundland route without competition elicited a strong response from J.L. Williams, managing-director of Newfoundland

76 Clarke had operated a ship from Montreal to Corner Brook since the 1920s.

77 See Malcolm MacLeod, "Subsidized Steamers", p. 79.

78 F.E. Bawden to J.A. MacKinnon, 31 January 1946, RG 46, vol. 1314, file T53, LAC.

79 See F.E. Bawden to J.A. MacKinnon, 31 January 1946, RG 46, vol. 1314, file T53, LAC.

Canada Steamships Ltd. “Surely”, he protested in a 26 March 1946 letter to Bawden, “if it is necessary to provide a subsidy for a service from Charlottetown to St. John’s that subsidy should have been thrown open to competition”.⁸⁰ A day later he sent a telegram directly to Minister of Trade and Commerce MacKinnon explaining that his company had operated a ship fortnightly between the islands without benefit of a subsidy and, as a result, he felt “it most unfair government should subsidize others against us, especially without enquiring as to our future plans regarding this route”.⁸¹ And Williams was not through; on 29 March he posted a letter to MacKinnon reiterating his disgust with the way the process had unfolded. He was appalled that “our own Government is negotiating a subsidy to a competitor” on a route that had traditionally belonged to his company. Moreover, he suggested that the whole idea of a subsidy was unnecessary, but “if the Government feels that a subsidy must be awarded, then we ask to be allowed to compete on the same terms as others”.⁸²

A similar sentiment was expressed by W.A. Shaw of Shaw Steamships, whose *Meigle* had long serviced the Charlottetown-St. John’s route. In a fiery 22 April 1946 telegram to MacKinnon, Shaw stated that, while a subsidy might have been required in 1942 to get the trade route running, by 1946 it was no longer needed. Moreover, that the subsidy was offered to an “outsider” clearly rankled the Maritime shipper. In pointed prose, he informed the minister that he did not “think the Canadian public is going to thank you for throwing away a quarter of a million dollars to bring in a Quebec company under a subsidy to compete with local companies who [are] operating without subsidies”. Shaw’s *Meigle* was, he affirmed, “worth two *Island Connectors*”, and he would prove it by providing Charlottetown better service without a subsidy than Clarke’s brand-new ship could provide with government assistance.⁸³

Shaw’s vow to outperform the Inter Island Steamship Company was not braggadocio. Clarke initially had considerable difficulty in getting the *Island Connector* up and running. The big ship was supposed to be ready to ply the waters by early May, but owing to delays at the Vancouver shipyard where it was being built, Clarke anticipated that it would not be available until 20 May, a date well into the spring shipping season. Even this late date proved to be overly optimistic. The *Island Connector* did not begin its first Charlottetown-St. John’s trip until 5 June, although Clarke did try to alleviate the situation by using alternative boats for two earlier shipments.⁸⁴ This inauspicious beginning seemed to set the tone for the *Island Connector* and, by 18 November 1946, trade agent Agnew was writing to Bawden to complain about the Inter Island Steamship Company’s service. To that date the *Island Connector*, hampered by propeller damage that consumed two months of the summer season, had only made nine of the promised twelve trips, and Agnew believed “it will

80 J.L. Williams to F.E. Bawden, 27 March 1946, RG 46, vol. 1314, file T53, LAC.

81 Newfoundland Canada Steamships Ltd. to J.A. MacKinnon, 28 March 1946, RG 46, vol. 1314, file T53, LAC.

82 J.L. Williams to J.A. MacKinnon, 29 March 1946, RG 46, vol. 1314, file T53, LAC.

83 W.A. Shaw to J.A. MacKinnon, 22 April 1946, RG 46, vol. 1314, file T53, LAC.

84 The *Surewater* set sail on 29 April and the *Keybar* left Charlottetown on 16 May. See Inter Island Steamship Co., “Limited Date of Sailings from Charlottetown to St. John’s”, RG 46, vol. 1314, file T53, LAC.

be impossible to make three more trips before it freezes up”.⁸⁵ Agnew pointed out, by way of comparison, that the Shaw Steamship Company had been able to make more trips with the *Meigle* without benefit of a federal subsidy.

In light of the difficulties experienced over the course of the 1946 shipping season, Agnew wrote J.A. Heenan, who had replaced Bawden as director of trade routes and steamship subsidies in the Department of Trade and Commerce, with suggestions on how to improve service to PEI for 1947.⁸⁶ Key among his recommendations was that the *Island Connector* should sail from Charlottetown every two weeks rather than every three, at least “until freeze up”. Once winter’s icy conditions made sailing in the Northumberland Strait impossible, the *Island Connector* should load PEI cattle in Halifax “at least every three weeks, to enable us to get cattle on the market during the Winter months”. Again, Agnew used the *Meigle* comparison to justify these proposed changes: the *Meigle* made three more trips to Newfoundland over the course of the 1946 shipping season than did the *Island Connector* and, with winter’s arrival, the *Meigle* began carrying Island cattle across the Cabot Strait from Halifax, a fact that was hard for the Island government to explain to farmers and exporters struggling to get their cattle to St. John’s. As Agnew pointedly informed Heenan: “You can readily see the adverse criticism we are getting, when the Steamship Company receiving a large subsidy from the Dominion Government, cannot accommodate our shippers during the Winter months, and again, the Steamship Company without any assistance from the Government, makes more trips during the Summer Season and carrying cattle during the winter months”.⁸⁷ This viewpoint was also shared by Premier Jones, who advised Heenan that “the steamship *Meigle*, without a subsidy, is giving us much better service” and that the *Island Connector* “will have to improve a great deal to become popular”.⁸⁸ In response, Heenan simply stated that the contract could not be altered until it expired in 1949, although he did assure Jones that he would bring the premier’s remarks to Clarke’s attention.⁸⁹

It is impossible to know with certainty what Jones thought of Heenan’s reply, as the archival record at this point runs dry. However, one can extrapolate Island sentiment from an article published in *The Maritime Farmer and Cooperative Dairyman* on the eve of Newfoundland’s entry into Confederation. “P.E. Island Sells Newfoundland” suggests that Island farmers remained dissatisfied with the *Island Connector* notwithstanding exports in 1948 of 4,516 cattle and 1,112 calves – a 46.5 per cent increase over wartime allowances. So deep was Island dissatisfaction that William Agnew, PEI’s long-suffering trade representative in Newfoundland, recommended that the province revisit the possibility of acquiring its own vessel for

85 W.E. Agnew to F.E. Bawden, 18 November 1946, RG 46, vol. 1314, file T53, LAC. Information on the propeller damage suffered by the *Island Connector* can be found in J.A. Heenan to W.E. Agnew, 21 November 1946, RG 46, vol. 1314, file T53, LAC. The *Island Connector* set sail for St. John’s on July 12. Presumably the ship suffered the damage to its propeller on this trip, as it did not again sail from Charlottetown until September 14. During the period that the *Island Connector* was inoperative, the *North Coaster* made two trips along the route. See Inter Island Steamship Co., “Limited Date of Sailings from Charlottetown to St. John’s”, RG 46, vol. 1314, file T53, LAC.

86 Heenan had replaced Bawden as director of trade routes and steamship subsidies.

87 W.E. Agnew to J.A. Heenan, 28 February 1947, RG 46, vol. 1314, file T53, LAC.

88 J. Walter Jones to J.A. Heenan, 30 April 1947, RG 46, vol. 1314, file T53, LAC.

89 J.A. Heenan to J. Walter Jones, 3 May 1947, RG 46, vol. 1314, file T53, LAC.

this important trade route.⁹⁰ It seems that the more things changed with the PEI-Newfoundland trade, the more they stayed the same.

In his research on federal policy with respect to the Maritimes during the Second World War, E.R. Forbes documented Ottawa's tendency to bow to the political might of Montreal and favour that city's entrepreneurs over those of the Maritime region.⁹¹ The result, he argues, was a consolidation of the economic disparity that increasingly characterized the Maritime region in the pre-war period. Efforts by Premier Walter Jones, by his contacts in the federal bureaucracy, and by regional MPs proved remarkably successful in the battle to reserve the Newfoundland market for Maritime live cattle, but the victory proved to be a hollow one because control over shipping and government favour had eluded them. By disregarding pre-existing inter-island connections through the provision of a subsidy without tender to the Inter Island Steamship Company, the federal government continued this consolidation process into the post-war era.

90 See "P.E. Island Sells Newfoundland", *The Maritime Farmer and Cooperative Dairyman*, 5 April 1949, p. 3. In addition to these exports of cattle and calves, 347,241 bushels of potatoes crossed the Cabot Strait, along with thousands of pounds of cheese, butter, fruit and vegetables as well as 27,092 sheep – a remarkable number considering that there are very few mentions of sheep in the archival record.

91 Ernest Forbes, "Consolidating Disparity", p. 25.