

# FIFTY YEARS OF THE DOMINION COAL COMPANY

F. W. GRAY

IN 1943 the *Dominion Coal Company, Limited*, will achieve fifty years of continuous productive activity. Employees of this Company, together with those of the *Dominion Steel & Coal Corporation, Limited*, and associated enterprises in Nova Scotia which have grown out of the Coal Company's enterprise or been gathered around it, together with their families and dependent businesses, come close to one-quarter of the population of the Province.

The story of the Dominion Coal Company, its beginnings, its vicissitudes and accomplishments, is inseparable from the story of our Province—as concerns the growth of responsible government, provincial and federal political history, recurrent wars and the trade cycle, social and technical evolution. It is intermingled with memories of men and things in Nova Scotia that are beginning to take on the curious remoteness which attaches more to the immediate past than to what is really old in time. There seems, therefore, fair excuse for a review of the part that the Dominion Coal Company has played in the economy of Nova Scotia.

The ownership of the coal-seams in Britain has recently been transferred from private owners to the Crown, in the right of the people, after years of debate in Parliament, for the consideration of sixty-six and three-quarter millions of pounds. What is remembered by the British people is that much of the private ownership of lands and of the minerals underlying them was obtained by estate owners when, under an Inclosures Act, in the early years of the 19th century, the lords of the manor fenced in and became the owners of great tracts of common-land.<sup>1</sup>

1. The old and responsible exponent of the British coal-trade, *The Colliery Guardian*, in its issue of July 3rd, 1942, writes editorially:

" . . . It is clearly better that the mining company should have to deal with a single leasing authority instead of with a multitude of landlords, large and small, each with his peccadilloes; that there should be a chance at last to rectify boundaries, which in Sir Ernest Gower's words, make the plans of some large collieries look like jigsaw puzzles designed by a lunatic; that barriers of coal used as artificial boundary lines should be removed, even if the saving from this measure may be less than is generally supposed; that the many variations of tenure should be welded into a common pattern . . ."

A similar act of nepotism took place in Nova Scotia when the Duke of York, having become deeply in debt to his jewellers,<sup>2</sup> was (to quote Haliburton)

saved from their importunities by the liberality of the British Government, which generously made them a present of our mines and minerals, the lease of which issued to the Duke and was by him assigned to them.

Yet, in the strange way British institutions develop, this act resulted in public ownership of the coal-seams of Nova Scotia—"ownership by the Crown, in the right of Nova Scotia"—some sixty-five years before the recent transfer of coal-seams ownership in Britain.

The General Mining Association<sup>3</sup> does not appear to have at first contemplated the mining of coal. An erroneous idea of the extent and value of the copper ores of Nova Scotia existed at this time. It was not until detailed explorations by the engineers of the Association had shown the chief mineral wealth of Nova Scotia to be in its coal deposits that the attention of the Association was devoted to the working of the coalfields.

The first General Manager of the General Mining Association was Richard Brown, and the second was his son, Richard H. Brown. Between them, they managed the properties of the Association for seventy-five years with the Board of Directors in London.

Richard Brown, the elder, was an English mining engineer of great attainments, an executive, a geologist and a careful historian. He was one of a remarkable and far-sighted group of early Nova Scotia scientists and geologists.<sup>4</sup> The careful,

2. The firm of Rundell & Bridge. The *Gentle Diary* contains interesting references:

"February 21st, 1927 . . . Old Rundell (of the house of Rundell and Bridge, the great silversmiths and jewellers), died last week . . . Rundell was eighty years old and died worth between £1,400,000 and £1,500,000 . . . The old man began the world without a guinea, became in course of time partner in that house during its most flourishing period, and by steady gains and continual parsimony amassed this enormous wealth. He never spent anything, and lived wretchedly. . . . When the executors went to prove the will, they were told at Doctors' Commons that it was the largest sum that had ever been registered there."

"Stoke, August 31, 1830 . . . Sefton gave me an account of the dinner in St. George's Hall on the King's birthday, which was magnificent . . . Bridge (of the house of Rundell and Bridge, the great silversmiths and jewellers of the day) came down with the plate, and was hid during the dinner behind the great winecooler, which weighs 7,000 ounces, and he told Sefton afterwards that the plate in the room was worth £200,000. There is another service of gold plate, which was not used at all. The King has made it all over to the Crown. All this plate was ordered by the late King and never used; his delight was ordering what the public had to pay for."

3. The Company formed by Messrs. Rundell & Bridge to operate the leases assigned by the Duke of York.

4. Cf. "Lyell and Dawson", by E. A. Collard in the DALHOUSIE REVIEW, July, 1942. "Lyell had sought out William Dawson at the suggestion of the officials of the General Mining Association." This was in 1842, and doubtless Richard Brown arranged the meeting.

accurate work he accomplished in mapping the Sydney coalfield, his delineation of the seam outcroppings, then concealed by a pathless forest, his measurements of the strata along the sea frontage, presumably with the aid of small sail-boats, remain a constant marvel to coal-seam students of a later generation.

Richard Brown's love of his profession, and of the Cape Breton of his adoption, is evident in his writings. No man contributed more to coal-mining in Nova Scotia than did this first General Manager of the "G.M.A." No man more thoughtfully, even lovingly, assisted in bringing Cape Breton, its coal-wealth and its historical beginnings, before the British reader than did Richard Brown in the late sixties of last century.

Notwithstanding the very competent manner in which the General Mining Association expanded coal-mining in Nova Scotia, its monopoly was a source of great irritation to the people of the Province. The events leading to what was then known as "the breaking of the Duke of York's lease" form one of the most interesting chapters in the development of responsible government in Nova Scotia.

After a fight extending over many years, the General Mining Association, in 1857, surrendered its claim to all the mines and minerals of the Province, and was granted exclusive right to all the coal-seams in certain specified areas situated in the Sydney, Pictou and Cumberland fields; coinciding more or less exactly with the areas owned by the Acadia Coal Company at the Albion Mines, the areas operated by the Dominion Coal Company at Springhill Mines, and the areas operated in the Sydney coalfield by the Dominion Coal Company and the Nova Scotia Steel & Coal Company.

It speaks well for the thoroughness of the investigations of the General Mining Association that, with all the added knowledge gained by the mining and prospecting activities of the eighty-five years since elapsed, the areas chosen by its engineers are the most valuable in the Province, and that no other important coal-deposits have since been found in Nova Scotia.

In 1858 the Province passed its first "Mines Act", which provided for licenses to search and leases of mineral areas from the Crown. Many people took up coal-mining areas, some being speculators who hoped to sell their lease-rights to future operators. Other areas were taken by parties who planned to operate these themselves. Some of the numerous coal-mining companies then formed succeeded, and some failed.

The next twenty-five years formed an era of unrestricted competition among these companies. With the abrogation of the Treaty of Reciprocity with the United States in 1867, the market for coal in New England was lost to Nova Scotia, and there ensued the years of dole, "corn-meal and molasses", which memory remains with older residents of the colliery areas. Coal was sold at ruinously low prices, and increasing competition in a restricted field made it difficult for the surviving companies to continue in business.

The wisdom of consolidation of the more valuable leases and colliery operations was evident. Out of these difficult circumstances came the idea of amalgamating all the companies in the Sydney Field, modernising and increasing the scope of operations, and replacing the lost New England markets by increasing disposals in the St. Lawrence Valley where, at the head of ocean navigation, the City of Montreal was rising in importance as an industrial railway and shipping centre.

Largely on the initiative of Hon. B. F. Pearson of Halifax and A. C. Ross of Sydney, a syndicate was formed which arranged a consolidation of practically all the coal companies operating in the Sydney Field south of Sydney Harbor, but it did not include the operations and coal-leases on the north side of the Harbor. These were retained by the General Mining Association until 1900, when the whole of its properties at Sydney Mines were acquired by the Nova Scotia Steel Company of New Glasgow as a source of fuel supply for a contemplated steel plant.

In dispassionate retrospect it would seem better had all the coal areas around Sydney Harbor been amalgamated at this time under single management, as this would have brought under undivided technical direction the mining-engineering plans for development of the submarine coalfield, the most valuable single body of coal in the Province, if not in Canada, so situated naturally as imperatively as demanded one comprehensive long-range plan for maximum recovery of coal over the maximum operation life.

In 1893 the Houses of Assembly of Nova Scotia granted a charter to the Dominion Coal Company, Limited, after long partisan debate. Memories of these salad days of the coal industry in Nova Scotia still linger, and one occasionally hears references to the "Syndicate", which arranged the amalgamation of the collieries, and seems to have been regarded as a sinister conspiracy with dark inimical designs on the coal industry and those who lived by it.

The Company undertook to pay a minimum annual royalty not less in amount than the total royalty monies collected from all the independent companies operating the consolidated areas in the year preceding amalgamation, and to pay 12½ cents per ton royalty instead of the customary royalty of 10 cents per ton paid then and for many years thereafter by other coal operators.

The Company's undertakings as to annual royalty payments were handsomely fulfilled. Within ten years from the granting of the charter, the production from the amalgamated collieries and their extensions had quadrupled, with corresponding increase of annual royalties. In the fifty years of its existence the Company has paid to the Province a sum in excess of seventeen million dollars in coal royalties.

Up to the time when the Provincial Government extended its taxation boundaries to include amusement and motor-car taxes, the coal royalties bulked large in the Province's revenues. The writer recollects the late Geo. H. Murray, when he was Premier and Provincial Secretary, remarking that for the first time the revenue from "nickels and gas" taxes was larger than the sum received in coal royalties, a condition that Mr. Murray thought showed a decline from provincial standards of business and a serious Nova Scotian outlook on life. No doubt it did.

When the Company's management took over the amalgamated properties in 1893, they found themselves in possession of eight widely-scattered operating collieries and one flooded mine, with workings in seven seams. There were coal-loading piers at six widely-separated points on the coast-line, with short railway-lines running from each mine to each pier. None of the collieries had progressed further than to mine coal at shallow depths fringing the seam outcropping.

Those who conceived the technical possibilities of unified management—and at this date one can observe how correct and farsighted was their vision—realized, however, that the scattered, uncoördinated and conflicting operations of the individual collieries under competitive direction had prospected and tested the coalfield sufficiently to permit of a comprehensive plan for winning coal from a very large deposit of which they controlled all the necessary key-points of access. It is given to those who come late to see clearly the mistakes made by their predecessors, although perhaps fortunately for the peace of mind of present-day workers their own mistakes are not clearly seen. And it is now plain that the governments of Nova

Scotia having so fortunately, but also so fortuitously, acquired ownership of the coal deposits of the Province, should not have leased coal-bearing lands in parcels described by measurements, but should under competent technical supervision have instead leased areas laid out for winning coal. This is especially true of submarine areas.

Having acquired, under long-term lease, a source of coal production, the Company's management had then to provide transportation facilities, that is coal-loading piers and railways to connect the mines with the shipping ports at Sydney and Louisburg, coal-discharging plants in Halifax and St. John, N. B., and at Montreal and other St. Lawrence ports, and a fleet of coal-freighting steamers to carry coal to markets. The pioneering energy of the early managements of the Dominion Coal Company was manifested not only in development of coal-mining but in at least an equal degree in the new and experimental field of water transportation of Nova Scotia coal to Quebec Province—a part of Canada still referred to in those earlier days of Nova Scotia as "Upper Canada"—and ever since the most familiar ships' insignia plying the summer waters of the St. Lawrence and Gulf has been the "Black Diamond" on the funnels of the coal-freighters of the Dominion Coal Company. Development of the Montreal coal-market is an important part of the maritime history of Canada, and of the development of the St. Lawrence River as a highway of water-borne commerce, but too long for extended mention here. Suffice it to state that, apart from war-time interruptions between 1914 and 1922 and similar war-time difficulties now existent, the carriage of Nova Scotia coal by water to Montreal and other St. Lawrence unloading destinations has in normal trade years reached 3,000,000 short tons delivered within the shipping season of seven months, a volume of traffic remarkable anywhere in the world, certainly unique in Canada, and the most substantial instance of inter-provincial commerce in our Dominion, when bulk tonnage and delivery distances are considered.

The most definite and enduring stimulus to the coal production of the Dominion Coal Company was the formation of the Dominion Iron & Steel Company and the erection of the Sydney Steel Plant, coming into full production about 1900. During the 41 years this Plant has operated, it has used 23 per cent of the entire coal-production of the Coal Company's Cape Breton collieries, largely slack coal. A main idea in its erection was to create an outlet for slack coal which at that time was

difficult to sell except at a losing price. The outcome therefore has justified the original hope.

For twenty years, from 1893 to 1913, the annual production of the Dominion Coal Company rose from 800,000 tons to 4½ million tons. It is singular that all over the world 1913 was a year of peak coal production, a portent doubtless of coming events. With 1914 commenced a series of world events, wars, trade depressions, and more wars, events that with their social and economic consequences have over-ridden the affairs of mankind and made men rather the puppets of circumstance than planners of the future, so that a chronicle of the course of coal production merely reflects the conflict of tariffs, currencies, nationalism and lunatic ideologies that filled the armed peace between wars in the field. All of this means that the last thirty years have been a difficult time for those whose lot it has been to direct the policies of the Dominion Coal Company. It says much for the fundamental soundness of the Company's real assets in developed collieries and wide-ranging transportation equipment, and for its intrinsic economic worth in the economic framework of our Province and of Canada, that with the help of statesmanlike aid in transportation subventions, it has survived in sufficient financial strength and productive ability to play once more a leading part in furnishing Canada and her allies with the most necessary munition of war, bituminous coal.

Before the outbreak of the present war and, to discerning students, forecasting the nature of the opposing forces and of the mechanics of the then impending conflict, there were noticeable two trends in coal production and usage. The first trend was the marked increase in the production of coal in Asia and Africa, which had a most seriously adverse effect on British coal-exports and the prosperity of the British mercantile marine, and upon Dutch commerce with Dutch possessions in Malaya, a trade based on outward carriage of British coal and inward carriage to Holland of tropical products in British vessels. The second trend, approximately simultaneous in time, was a tremendous decline in coal production in the United States and in Canada, caused by industrial depression and the substitution of petroleum products and water-generated electricity as a source of energy in place of bituminous coal. Taking the pre-war *per-capita* coal consumption of 1913 as index number 100, we find that the *per-capita* coal usage fell in the depression years to 73, 74, and 61 respectively in Canada, Great Britain and the United States. Even under stress of war necessity, latest available statistics for Canada (for 1939) show *per-capita* coal

consumption far below the mark of the period 1902-1913. The result of these concurrent trends was that when the war broke out in 1939, Great Britain, Canada, the United States and the Netherlands Empire had all received a crippling dint in coal production, in mercantile-marine strength and resultant war-potential. Meantime our enemies, whose great strength in coal and iron in Europe has since been increased by conquest, were building vast plants for the manufacture of synthetic oil and rubber, based on their coal resources, which they had been most careful to keep in full productive condition.

These events, which any student of world coal trade can verify for himself, have confirmed the opinion of those who have urged that Canadian coal-mines should be kept in productive ability as an instrument of our national defence. They justify every cent of financial aid given by federal governments in Canada to make this possible.

The Dominion Coal Company, by the legislative charter it was granted in 1893, was placed in operating control of a most valuable part of the coal deposits of Nova Scotia. This action of the Legislature gathered together and united under single management the areas formerly controlled by the General Mining Association that had been later separately leased and competitively operated. The trust that was then reposed in the corporate entity of "Dominion Coal", for trust it was and is, was also and remains greater than in men or managements, who in the nature of things are fallible and transitory. "Dominion Coal" is the direct heir, successor and assign of the "G.M.A.", inheriting at this time near 120 years of coal-mining experience and the written records and plans that continuous technical management of such long duration accumulates. The future, so far as duration of the natural resource is in question,<sup>5</sup> may well see double the length of time elapse before the coal seams have been worked to their economic limit, whatever that limit may be in 2,200 A.D.

Parliamentary critics of the incorporation of the Dominion Coal Company in 1893 based their objections on two main grounds. One was that those far-visioned men who composed the "Syndicate" and asked for incorporation were merely selfish men seeking profit, a judgment which denies that the *entrepreneur* has a necessary place in all economic growth. The other ground was that these men were being granted a monopoly. Fifty years of coal-mining has demonstrated that what the Nova Scotia Parliament did confer on the Dominion Coal Company

5. Cf. DALHOUSIE REVIEW "Coal Seams and Local History", April, 1942.



was a stewardship, the essence of which from a technical standpoint was the necessity it imposed so to conduct current coal-mining operations as not to endanger the cost of mining or the accessibility of coal lying beyond the working places of the date of planning.

Coal-mining is the exploitation of a wasting asset. It is of the very nature of coal-mining ventures that a fifty years' record must be a necrology of abandoned workings and colliery plants. The true measure of faithful stewardship of a great natural resource is a steady non-varying annual production—to use a simile from the language of the forest-engineer or scientific agriculturalist—an annual "crop". The analogy is not quite exact, because the mining of coal leaves nothing but a hole in the ground, a hole that often entails great expense to keep it there if it happens to be a mine passage-way used for conveyance of fresh-air, power, men and materials inwards and the transport of coal outwards from a distant working coal-face.

Testamentary benefits, accrued from the original consolidated ownership and vision of the General Mining Association, conceived in nepotism but issuing in a continuity of technical experience with few parallels in coal-mining, were inherited by the Dominion Coal Company, which has now over the fifty years herein reviewed not unworthily discharged its trust. With the wisdom of age, in respect to mines and mining areas, as with men, come the physical burdens and disabilities of long years of active productive effort, imposing inescapable limitations. In common with other coal-mining enterprises in Nova Scotia, but in the case of the Dominion Coal Company to lesser degree, these limitations have begun to operate in our Province. If they are accepted, and faced, there is excellent prospect of continuity in coal-mining in Nova Scotia.

What this prospect is, and what policies are required, cannot be here developed. The persistence of coal-mining employment depends on an increase in the small daily tonnage of coal now produced per worker when reckoned over all the individuals employed at the collieries. There is no insuperable technical difficulty in achievement of such an increase and, unless it can be increased, the amplitude of the coal resource of our Province will not avail to prevent a gradual future decline in coal-mining employment.

It is not lack of coal in the ground, but the cost of getting it out and sending it to a market, that is the most pressing coal-mining problem in Nova Scotia.