

## [Page 23 - A Social Worker Visits Cape Breton, 1925](#)

ISSUE : [Issue 38](#)

Published by Ronald Caplan on 1985/1/1

laborers who were building the fortress at Louis- burg. By the middle of the eighteenth century, the Province of Nova Scotia changed from French to English ownership, and all the mineral lands were given by King George IV to his brother, the Duke of York. The Duke of York in turn leased them, in 1827 to the General Mining Association, a syndicate of joint stock companies, for an agreement that they were to pay off his debts, and to give him a share in the yearly profits. This marked the beginning of commercial coal mining in the province, for the G.M.A. with a capital investment of 274,690 pounds, installed engines for raising coal, pumping water, built workshops, erected a foundry, built a light railway to carry coal to the wharf, and imported miners from English colliery sections. For fifteen years the G.M.A. controlled all the mineral lands in the province. But by 1845 a vigorous agitation began in the Provincial Assembly against the monopolistic hold of this syndicate. By 1858 the Province came into control, and the G.M.A. surrendered their original lease, compensated the Duke, and secured in return from the Province, a long lease which gave them entire control and exclusive unmolestable rights to the coal areas in Cape Breton, Pictou County, Joggins and Springhill areas in Cumberland; their annual rent of 3,000 pounds was abolished, also the royalty on small coal. The G.M.A. opened and closed many mines, and in 1901 they sold out their mines in Pictou County to the N. S. Steel Co. for \$1,000,000. From 1858 to 1892 legislation actually existed which prohibited monopolistic holdings of coal areas, and as a result, 21 small companies sprang up in the province. But in 1892 Mr. H. M. Whitney, of Boston, made representations to the Government outlining the advantages that would accrue from a general consolidation of all coal mining companies. Aided by Premier Fielding, the Provincial Legislature amended the laws of N. S. so as to make the consolidation of mines possible. And that year Mr. Whitney applied for a charter of the Dominion Coal Company, which was formed by a syndicate of American and Canadian capitalists. The Company was incorporated in 1893, with an authorized capital of \$18,000,000. To assist the enterprise the Provincial government granted a lease for 99 years, to be renewed later for 20 years more; a subsidy of \$3,200 per mile to build a railway from Sydney to Louisburg and a royalty of 12½ cents per ton coal mined, was agreed upon, with a guarantee that same should not be increased. By March 1st, 1895, the Company had acquired in full, some seventy miles of coal area, which had previously belonged under lease to the small companies. It has not been possible to discover what the capitalizations of the small companies were. But with the consolidated and authorized capital the Company began to put in coal cutting machinery; with the help of the government subsidy, it began to build the railway between Sydney and Louisburg. The mines themselves are said to be of excellent quality, and the economic conditions incident to the operation of them favorable. The seams of coal are of great thickness, and their location near navigable waters, with direct and short water routes to markets, is a most important factor to the company's advantages. With the economic conditions incident to the

min? ing of coal favorable, with the installation of modern machinery, and with the increased facili? ties in transportation both by land and water, the output of the mines increased enormously, and the cost of production and transportation was reduced to a minimum. Additional markets now became neces? sary, and Mr. Whitney secured the Everett Coke and Gas Co. as one of the largest purchasers of the Do? minion Coal Co. coal. But so rapidly did the output of the mines in? crease that it became necessary for a larger indus? try to be supplied with coal. Meanwhile experi? ments proved that Cape Breton coal was well a- dapted for the manufacture of a good metallurgical coke. The idea then came to erect iron and steel works which would use the coke manufactured from the coal of the Dominion Coal Company's mines. For the making of steel, limestone and iron ore are required. Cape Breton possesses limestone in great quantities. Iron ore is also to be found, but not to such a great extent. Newfoundland is rich in ore deposits. And Mr. Whitney was able to acquire a huge deposit of iron ore in Bell Island, Conception Bay, Newfoundland, from the Nova Scotia Steel Co., operating there. Here it is interesting to pause and learn that the discovery of the existence of iron ore in Newfound? land came through a simple fisherman, who, in 1895 brought with him to Nova Scotia a huge block of hematite ore which he used as an anchor. Soon the Nova Scotia Steel Company Limited, for the modest sum of \$120,000 acquired an area of, it is esti? mated, 35,000,000 tons easily accessible. In 1898 they sold a part of their concession to Mr. Whit? ney, for \$1,000,000. The formation of a large company to manufacture i- ron and steel in Cape Breton was largely assisted by the liberal bounties offered by the Dominion government. These bounties originated in 1882, when the Federal government began paying from \$1.50 to \$3.00 per ton bounty on all pig-iron and steel manufactured from Canadian ore and coal. In 1901 therefore, the Dominion Coal Co. issued a prospectus, asking for subscriptions for a large issue of stock, stating that they hoped to receive as bounty from the Dominion Government, a sum of not less than \$8,000,000. To date the Company has received both from the Dominion and Provincial gov? ernment in the form of bounties and subsidies, the amount of \$90,000,000. The Dominion Iron and Steel Co. Ltd., was char? tered in 1898 by the legislature of N. S. with an authorized capital of \$15,000,000. The charter gave the company extensive powers for mining, manu? facturing, and transportation. It also empowered the municipal council to aid the enterprise by grants, and it authorized the town of Sydney to ex? empt from town taxation, all, property, income, and earnings of the company for a period of thirty years. It also told the town to permit the Company to expropriate any land it required and could not obtain by private treaty. The town of Sydney GAVE the Company their present site of four hundred and eighty acres of land, which was EXPROPRIATED for the purpose, and a sum of \$85,000 was VOTED to pay the appraisers. The Government of N. S. also agreed to remit to the Company fifty per cent of the royalty on coal con- (23)