

The Enquiry Conducted By T. Hollis Walker, K.C.

(Continued from page 6.)

... anything whatever about the contract with the Companies?
A.—I had some information from Newfoundland concerning some sales in Italy and I visited Genoa to deal with the matter.
COMMISSIONER—You say you were not told anything about the contract with the Companies during your absence?
A.—Nothing whatever concerning the details of the Contract with the Companies.
Q.—Did you learn that the Contract had been arrived at?
A.—No.
MR. LEWIS—There were labor troubles on at Wabana when you arrived in Montreal were there not?
A.—On the Empress of France a ship was wrecked on the coast of Quebec and a wireless from Newfoundland concerning labor troubles at Bell Island.
Q.—Have you got the message you received?
A.—Yes. (Witness produces wireless message).
COMMISSIONER—This is a telegram from Campbell, dated Nov. 22. Was he at that time?
A.—He was Minister of Agriculture and Mines.
COMMISSIONER—Reads message as follows:—
"Hon. R. A. Squires, on board Empress of France, via C.P.R.
"Present a Bell Island Delegation in my office and another one coming to-night asking me to get in touch with you. Situation as follows:—
"Hundred men put out of work now on Bell Island, three weeks Saturday last. Dominion Co. closed slope which is main slope thus putting out of work four, their smallest slope. This puts out of employment one hundred and fifty family men, permanent residents of Bell Island and not shack men delegation wishes to take matter up with Wolvin of the Dominion and McDougall of the Dominion and McDougall of the Dominion try to open slope two and keep open all winter. This will relieve situation and meet all pressing circumstances. Reply receipt this message."
(Sgd.) ALEXANDER CAMPBELL.
MR. LEWIS—Did you reply to that message Sir Richard?
A.—I sent two messages in reply, the official and the other confidential.
COMMISSIONER reads message:—
"Empress of France,"
Nov. 3rd, 1920.
"S. John's, N.F."
"Min. Agriculture & Mines."
"St. John's, N.F."
"Due Montreal late Wednesday night. Will take up matter with parties named. If they are not in Montreal I will find them. Kindly advise me fully reasons for closure and whether arrangements if any made between Government and Companies, remembering that I know nothing of what may have transpired during your absence."
(Sgd.) SQUIRES.
COMMISSIONER—
"Empress of France,"
23rd Nov., 1920.
"S. Campbell."
"Min. Agriculture & Mines."
"St. John's, N.F."
"Strictly confidential wire me Rita Station, Montreal, via Anglo, fully whether closure has anything to do with what is real reason. What has been done matter of Bell Island situation? What is coal situation? Is Nova Scotia curtailing as well as Do-

... the remaining results you can see for yourself. A member of the delegation is staying here to get reports of how you are succeeding. Kindly wire me first information available. I wish now to inform you as to the general situation here. There is acute and unexpressed depression all over the Colony. The banks are questioning everybody. Large firms are in difficulties, but the banks are obliged to carry them on. The Government is intensely unpopular. An indignation meeting was held in St. John's last week by the fishermen against the regulations, staged by Morine, Crobble and others. The next night we had a counter-meeting. Coaker sent for me to speak. I presume I represented the Squires faction at the meeting. It was just fair. Labrador fish is now selling at eight dollars a quintal and shore fish at ten. The Italian situation is unchanged. We have handled the fish situation somehow. The Opposition papers are showing fine rick, blaming the regulations for all our depression. Sometimes I wish you were here and sometimes I wish you were away. However, I hope you will come home soon. The fear that prompted me when I wired you in London has since disappeared."
COMMISSIONER—If I were attempting to write a history of Newfoundland I would include that document. I cannot understand for the life of me what that totally irrelevant document got to do with this enquiry.
MR. LEWIS—I would like for the witness to see if he can identify this telegram that he sent to Wedgwood, St. John's, N.F. from Montreal, Que. on Nov. 26th, 1920?
COMMISSIONER—If it is on the same subject I shall have to get somebody else to read it for me, because I am tired of reading that stuff.
MR. LEWIS—A claim has been made repeatedly and persistently that Sir R. Squires was negotiating for a payment of money in consideration of the elimination of various provisions of the contract between the Government and the Companies.
COMMISSIONER—Not at this time. Nobody has suggested that his visit to Montreal in 1920 was for the purpose of getting money in consideration of the elimination of any clauses of the contract. I do not want this to be made a kicking up ground for political propaganda. I cannot see the sense of the introduction of this persistent irrelevant matter.
MR. LEWIS—Would you kindly read this document that we would like to have put in?
COMMISSIONER—I am tired of reading these irrelevant documents would you mind reading it?
MR. LEWIS—Not at all. (Reads telegram as follows:—
"MONTRÉAL, Que.,
Nov. 26th, 1920.
To "Wedgwood,"
St. John's, N.F.
"See Campbell's Modest immediately. I presume agreement based on representation that no curtailment and great expansion was programme also presume Government protected against this conduct by wording of Agreement. In any event would any party grossed had faith to trick Government and miners in this way. Star newspaper should pronounce editorially not later Saturday that this action breach faith and that Government party under an obligation to confirm agreement in Legislature if there is evidence that Reid, Wolvin, MacDonald bunch has pulled off dirty trick as soon as ink is dry on agreement. They procured by misrepresentation. Stars first duty to protect Newfoundlanders. Take position that details not known but that on face of situation appears that Canadian influence is trying to put one over on Newfoundland. Make sure pronunciation chief Government party; is called London, New York, Montreal. Some Canadian firms are closing factories to compel workmen to offer themselves to employers at reduced wages this may be the Wolvin game. Remember that Reid, Collishaw and MacDonald were the three who tried to compromise certain parties at Ottawa some years ago. Act vigorously and see to prompt foreign publicity."
(Sgd.) SQUIRES.
MR. LEWIS—Did you take up the matter of labour troubles at Montreal when you arrived there?
WITNESS—I did.
Q.—About what time was that do you remember?
A.—In November.
Q.—How long did such discussion continue?
A.—Some days.
Q.—And with what result?
COMMISSIONER—Please do not answer. I do not want to know what the result? I have got to try anything about labour troubles.
MR. LEWIS—Will your honour permit the question as to when the Mines opened?
COMMISSIONER—I do not want to know in the least when the mines opened, nor do I want to know who caused them to be opened. I do not want my mind to be led on the subject. I want to keep on the main line if I can.
MR. LEWIS—While you were at Montreal Sir Richard, did you confer with Mr. Wolvin and Mr. McDougall?
A.—I did.
Q.—Was there anything said at these conferences on the subject of

... the elimination of any of the clauses of the agreement?
A.—No.
Q.—Were these any complaint made to you by any of those officials as to the terms provisions of the Coaker-Wolvin agreement?
A.—I have no recollection of such.
Q.—Was there any suggestion made by either of them as to the desirability of an earlier finalisation of the agreement?
A.—I do not remember any conversation in that connection.
Q.—Were the provisions of that agreement discussed in any way at that time?
A.—I have no recollection of any such discussion.
Q.—In your conversations with the officials of the Company at that time in Montreal was there anything said to you that the Companies had made advances to you for campaign funds through Miller or through anyone else?
A.—No.
Q.—Was there anything said in the course of those conversations as to any future payment that would be made you for political or private purposes by the Companies?
A.—No.
Q.—For the purpose of fixing a date of a conversation was there any further labour trouble discussions held by you?
A.—Yes. I discussed them with Mr. Gillis in April, 1921.
COMMISSIONER—Was that when Mr. Gillis was here or when he was in Sydney?
A.—It was while he was here I had the interview with him. He told me he was here most of the summer that year and that he made certain short visits back to Sydney.
MR. LEWIS—I will show you a telegram from Mr. Gillis to Mr. Wolvin.
A.—Yes, that was sent in my presence and a copy was made of it at the time and signed by Mr. Gillis.
COMMISSIONER—Were there any money matters discussed between you and Mr. Gillis at that time?
A.—It was all about labour troubles and incidental changes of contract.
MR. LEWIS—I show this letter from Mr. Gillis to Mr. Wolvin not for the purpose of having it read, but I want to know as to whether it is material or relevant.
COMMISSIONER—You must remember we have got no jury and there are some things which I might say that I could pass over to the jury if it was a jury case, but I shall look through it and see; it may have no bearing on my mind.
This is from Mr. Gillis to Mr. Wolvin. (Reads letter to himself).
COMMISSIONER—This supports what Sir Richard just said and what I was accepting from him because no one has said anything to the contrary. There were conversations before April, 1921, and the matters were foreign to our present laws.
MR. LEWIS—Your honour will recall, of course, that the claim has been made that in 1920 there were various items or claims had been made for Sir Richard's benefit and put to his account. A production of these letters is for the purpose also showing that there was at no time reference in the correspondence between the officials and Sir Richard of advances having been made.
COMMISSIONER—If they had taken place would you expect them to be in the letters?
MR. LEWIS—The fact is that they are not.
COMMISSIONER—The fact that there were no references in the letters is purely a negative fact and conveys nothing to me. There would be no reference in the letters if they had occurred and if they had occurred they would be in the letters.
MR. LEWIS—Showing a second letter. Will your honour take that and see if that is to be received in evidence?
(Copy)
St. John's, N.F.,
July 11th 1921.
Hon. Sir R. A. Squires, K. C. M. G.,
Chairman, Select Committee, Wabana Ore Tax.
Dear Sir Richard—
May I be permitted to draw your attention to some conditions that appear important factors in the matter now before you. I am referring these considerations on the presumption that a satisfactory adjustment of the Bell Island Ore Tax is to be sought along lines that will increase the production of ore to its maximum and furnish the largest amount of labor and the greatest payroll the business can sustain.
In past years the annual payroll of the mining companies has exceeded over one and three-quarter million dollars. The entire payroll may be considered as a direct addition to the purchasing power of the community. At the present rate of import duties it seems safe to assume that every dollar expended in wages at Bell Island means a revenue of forty-two cents for the country. In other words the indirect revenue from the expenditure of only one dollar in wages at our mines is greater than that derived from the mining operations in connection with the recovery of a ton of ore are many times in excess of what might be had on an export tax. The contract under consideration was negotiated at a time when the industrial outlook was much brighter

... than at present and our companies had good reasons to suppose that a return to pre-war conditions and a general demand for Wabana ore would not be long delayed. On this supposition to meet the demands of the Government for an increase in the export tax rate on our ore we became parties to the agreement under review. At that time we hoped to complete arrangements whereby a considerable amount of new capital would be available for improvements and development work at our mines. It was expected these expenditures would enable us to increase output and place the ore on board steamers at a cost to permit our product to compete with the higher grades of iron ores now generally used. The state of the iron and steel business indicated a rapid return to normal conditions and we believed, that with the reduction of costs effected by the improved methods we hoped to adopt, we would place a large tonnage of our ore in the markets of the United States and Europe.
In the months that have elapsed since the signing of the agreement a decided set-back has been met in all branches of the iron and steel industry. Our arrangements for securing new capital have not yet been finalized. The Canadian domestic business has failed to yield orders sufficient to keep Sydney plant operating and with huge railway deficits a material improvement in Canadian business cannot be expected in the near future. The strike of the British Coal Miners has so demoralized the British Iron Industry that we cannot expect to place any large tonnage of ore with British furnaces for some time to come. It might be added that a revival of British furnace activity cannot be looked for until coal can be purchased at approximately one-third of its present cost. Even with this reduction in fuel prices the introduction of Wabana Ores in large quantities will be extremely difficult owing to the excess coke required as compared with Spanish or French ores.
The prospects to a return to pre-war conditions or even to the point where trade will be directed along the old channels, appear remote. In the meantime trade is being developed in new directions and it is possible that if we fail to establish trade relations within the next year or two we will find ourselves shut out from the chief markets for many years to come.
It will be seen that a decided change has taken place in trade conditions since last year when, to meet the demands of your Government for an increase in the export tax on Bell Island ore, we became parties to the agreement under review. At that time we expected to produce large tonnage and, by the improvements to be effected through the expenditure of the additional capital we hoped to secure, reduce the cost per ton on our product. We looked for a decrease in living costs and presumed this decrease would be reflected in our operating costs. Since that time the imposition of new custom duties have more than offset the decline in the price of commodities and we fear a return to normal living costs and normal production costs is indefinitely delayed if the present standard of living is to be maintained by our workmen.
The present agreement while fixing a tax of twenty-five cents per ton on all ore exported to Nova Scotia nevertheless under certain conditions, permits the free export of ore to other countries for a period of five years. It will be recalled that this arrangement was reached on the supposition that all parties to the agreement were anxious to develop a large export business apart from the shipments annually sent to the Sydney furnaces. For this reason your Executive consented to the free shipments while the Executive heads of the Companies agree to the very high tax rate of twenty-five cents upon the ore sent to a market already established. A period of five years was fixed within which a very heavy expenditure was to be made at Bell Island to entice the companies to export ore without the payment of an export tax. Since the agreement was signed the change in conditions indicated above will make this obligation a very heavy drain on the resources of the company. If your Committee can agree to recommend the change I would ask you to consider extending the period during which these expenditures may be made from five to eight years; this change would indicate a disposition on the part of the Government to assist us to conform to the terms of the agreement without placing upon the operations a burden that would hamper rather than stimulate the industry. During the past months while we have been awaiting the ratification by the House of Assembly and the Legislative Council of the agreement under review we have been compelled to defer our selling programme and any remote chance we may have had of placing a large tonnage of ore in foreign markets is rapidly disappearing. This in effect reduces our free period to four years and this should be considered in its bearing on the period allowed for expenditures.
While urging you to reach a decision and have the agreement ratified by the House of Assembly in time to enable us to take advantage of the short season of navigation still open, I would point out that

... that, notwithstanding the adverse conditions prevailing we are prepared to carry out the original agreement as far as our resources will permit.
I understand, however, that some members object to the Bill, as introduced on account of its apparent complex wording and would prefer a simple Bill with a uniform rate on exports regardless of destination and the elimination of expenditure clauses and blast furnace proposals. If a revision on these lines is to be considered I would point out that we could favourably consider a rate similar to that fixed by the Nova Scotia Government in connection with coal mining where a royalty of 12 1/2 cents per ton, a simplified agreement can be made that should be acceptable to all parties who have the welfare of the ore industry in mind.
Yours truly,
Sgd. H. B. GILLIS,
Supt. Mines & Quarries,
Dominion Iron & Steel Co.
P. S.—I have been called to Sydney and during my absence Mr. Miller will forward any communication you wish to send me.
COMMISSIONER—(Having read letters)—This is the same thing, Mr. Lewis, have I said anything that you want me to modify if you may put in this there? Have I said this?
(To be continued.)

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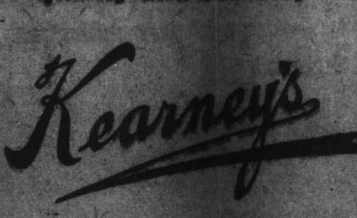
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