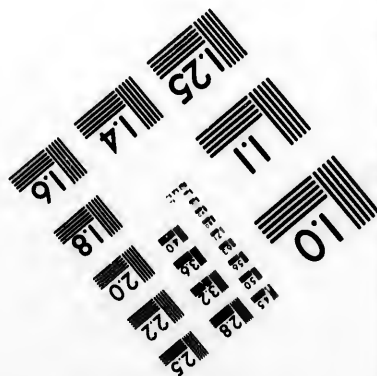
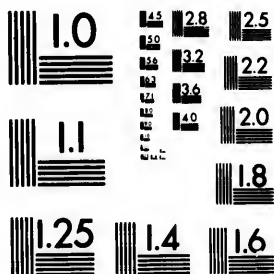
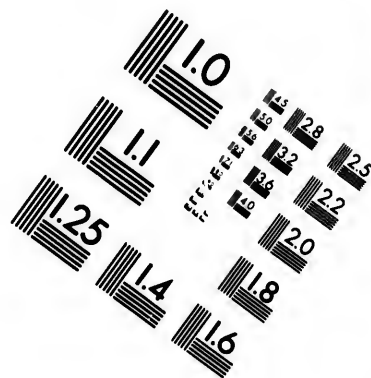


# IMAGE EVALUATION TEST TARGET (MT-3)



**CIHM/ICMH  
Microfiche  
Series.**

**CIHM/ICMH  
Collection de  
microfiches.**



Canadian Institute for Historical Microreproductions

Institut canadien de microreproductions historiques

**1980**

Technical Notes / Notes techniques

The Institute has attempted to obtain the best original copy available for filming. Physical features of this copy which may alter any of the images in the reproduction are checked below.

- ☒ Coloured covers/  
Couvertures de couleur
- ☐ Coloured maps/  
Cartes géographiques en couleur
- ☒ Pages discoloured, stained or foxed/  
Pages décolorées, tachetées ou piquées
- ☐ Tight binding (may cause shadows or  
distortion along interior margin)/  
Reliure serrée (peut causer de l'ombre ou  
de la distortion le long de la marge  
intérieure)
- ☐ Additional comments/  
Commentaires supplémentaires

L'Institut a microfilmé le meilleur exemplaire qu'il lui a été possible de se procurer. Certains défauts susceptibles de nuire à la qualité de la reproduction sont notés ci-dessous.

- ☐ Coloured pages/  
Pages de couleur
- ☐ Coloured plates/  
Planches en couleur
- ☒ Show through/  
Transparence
- ☐ Pages damaged/  
Pages endommagées

---

Bibliographic Notes / Notes bibliographiques

- ☐ Only edition available/  
Seule édition disponible
- ☐ Bound with other material/  
Relié avec d'autres documents
- ☐ Cover title missing/  
Le titre de couverture manque
- ☐ Plates missing/  
Des planches manquent
- ☐ Additional comments/  
Commentaires supplémentaires
- ☐ Pagination incorrect/  
Erreurs de pagination
- ☐ Pages missing/  
Des pages manquent
- ☐ Maps missing/  
Des cartes géographiques manquent

The images appearing here are the best quality possible considering the condition and legibility of the original copy and in keeping with the filming contract specifications.

The last recorded frame on each microfiche shall contain the symbol ➡ (meaning "CONTINUED"), or the symbol ▼ (meaning "END"), whichever applies.

The original copy was borrowed from, and filmed with, the kind consent of the following institution:

National Library of Canada

Maps or plates too large to be entirely included in one exposure are filmed beginning in the upper left hand corner, left to right and top to bottom, as many frames as required. The following diagrams illustrate the method:

1	2	3
---	---	---

1
2
3

1	2	3
4	5	6

Les images suivantes ont été reproduites avec le plus grand soin, compte tenu de la condition et de la netteté de l'exemplaire filmé, et en conformité avec les conditions du contrat de filmage.

Un des symboles suivants apparaîtra sur la dernière image de chaque microfiche, selon le cas: le symbole ➡ signifie "A SUIVRE", le symbole ▼ signifie "FIN".

L'exemplaire filmé fut reproduit grâce à la générosité de l'établissement prêteur suivant :

Bibliothèque nationale du Canada

Les cartes ou les planches trop grandes pour être reproduites en un seul cliché sont filmées à partir de l'angle supérieure gauche, de gauche à droite et de haut en bas, en prenant le nombre d'images nécessaire. Le diagramme suivant illustre la méthode :

C

E

THE  
**COAL MINES OF NOVA SCOTIA.**

---

THE GOVERNMENT'S SCHEME  
FOR  
EXTENDING THE COAL TRADE.

---

**SPEECH**  
OF  
HON. W. S. FIELDING,

Premier of Nova Scotia.

---

HALIFAX, N. S.:  
NOVA SCOTIA PRINTING COMPANY.  
1893.

CO

E

THE  
COAL MINES OF NOVA SCOTIA.

---

THE GOVERNMENT'S SCHEME  
FOR  
EXTENDING THE COAL TRADE.

---

SPEECH  
OF  
HON. W. S. FIELDING,  
Premier of Nova Scotia.

---

HALIFAX, N. S.:  
NOVA SCOTIA PRINTING COMPANY.  
1893.



HD9554

C 23

N 65

*Extract from His Honor the Lieutenant-Governor's Speech from the Throne, at the opening of the Nova Scotia Legislature, Halifax, January 19, 1893.*

The special business which has led to the early meeting of the Legislature, and which will be laid before you immediately, relates to the development of our mineral wealth. Believing that the coal trade of the Province is capable of large extension, my Government have endeavored to enlist the interest of capitalists in this great branch of industry.

I have much gratification in informing you that, encouraged by the provisions of the Mines and Minerals Act of last session, capitalists have come forward to undertake extensive coal mining operations. The high financial standing and known enterprise of the parties, and the investments they have already made on the faith of the assurances given them, are a guarantee of their intention to vigorously prosecute the work they have undertaken, which I feel assured, will largely increase the Provincial revenues and beneficially affect the many interests connected with the coal trade, while it will, I trust, at the same time yield to the investors the liberal return which their enterprise will so well deserve.

I invite your most careful consideration to a bill which will be submitted to you to confirm the arrangements which my Government have made with the parties who have undertaken this very important work.

# NOVA SCOTIA COAL MINES.

---

*Speech delivered in the House of Assembly of Nova Scotia,  
Saturday, January 21st, 1893, by HON. WILLIAM S.  
FIELDING, Member for the City and County of Halifax,  
and Premier of the Province.*

---

HON. MR. FIELDING asked leave to introduce a bill entitled "An Act for the further encouragement of Coal Mining." In doing so he said :—

I am not unaware that the introduction of this measure has been looked forward to with great interest, not only by the members of this House, but also by the people of the Province, and by the people generally throughout the Dominion. Indeed, I do not think it would be too much to say that the proposed legislation has also attracted much interest even in the great republic to the south of us, and that it is at this moment a question of continental importance. If any difference of opinion should arise in respect to the measure itself, even if nothing further is attained, I believe that we can all rejoice that the great mineral wealth of the Province, of which we have boasted so long, has at last commanded widespread attention. I am bound to say that some measure of the interest which has been excited is due, not to any action of the Government, but to unfriendly critics, whose erroneous reports of the measure have tended to increase the public interest in the subject. Without being actuated by the best intentions they have in this way done the Province a service which I am willing to recognize.

## MINERAL WEALTH OF NOVA SCOTIA

We have for many years been accustomed to look upon the mineral wealth of Nova Scotia. We have recognized the fact that in the treasures of the earth we possess one of the most important factors in promoting the progress and prosperity of the country. Providence

has given us rich stores of gold, coal, copper, iron, lead, antimony, manganese, gypsum, and I should not forget the more modest building stone, nor the grindstones, which were of such value in the County of Cumberland in the days of the Reciprocity Treaty. All these are important and valuable resources of the Province. The air of romance which surrounds the search for gold will always create a large interest in gold mining. It is a practical as well as sentimental question in Nova Scotia, for our gold mining industry is very important. While here, as elsewhere, it has been associated with much speculation, we can point to many who, even without the aid of the best appliances, by the exercise of industry and intelligence have made gold mining a success, and accumulated fortunes through the pursuit of that industry. In future I trust that, with improved methods and better management, we may be able to point to still greater success. But, without under-rating the importance of the gold mining industry, it is not too much to say that the more practical men of the country will be inclined to think that we have a greater source of wealth in the coarser minerals, one of which forms the subject of the present bill.

#### PROGRESS OF THE COAL TRADE.

We have long regarded coal as a very important element in the prosperity of the country. We have been mining coal for many years, and have made a fair measure of progress in relation to that important interest. I have here a statement of the progress made in coal mining from the inception of the industry in 1785, as to which year we have the first record. The quantity produced in that year was 1668 tons. It would consume too much time to go into the matter minutely, but I will note a few of the figures. Down to 1827, when the General Mining Association acquired their rights, there had been only about 150,000 tons taken out. In 1830 the output of the year was 56,000 tons; in 1870 it had grown to 568,279 tons; in 1880 it was 954,659 tons; in 1890 it was 1,786,111 tons; and in 1891 it was 1,849,945 tons. The statistics for 1892 are not yet completed, but the figures will not differ materially from those of 1891.

There are, no doubt, many who think that that is a fair measure of progress for the coal mines of Nova Scotia. If we look at that statement alone, and remember that from year to year—with rare exceptions, when there was a falling off—there has been a steady

increase in the production, it is not unnatural that many should think the industry has been a flourishing one.

#### COMPARISONS WITH SOME AMERICAN STATES.

But we should pay some attention to what has been done in other places, and, for a moment, I would like to compare the progress made in the Province of Nova Scotia with the progress made in one or two of the states of the neighboring republic. In Nova Scotia in 1875 we produced 706,795 tons of coal. In 1890, 15 years later, we produced 1,786,111 tons. That is an increase of two and a half times in the quantity of coal produced. Many may think that very gratifying and satisfactory. But if we turn to the State of Indiana we find that the production of that state during the same period increased from 800,000 tons to 3,305,737 tons. That is to say, while our production multiplied two and a half times, that of the State of Indiana multiplied four times. Let us take another comparison. In 1873 the mines of Nova Scotia produced 811,806 tons; in 1890 the production was 1,786,111 tons. That is to say, we had a little more than doubled the output in the Province of Nova Scotia during that period, from 1873 down to 1890. But during the same period the State of West Virginia increased her production from 672,000 tons to 7,266,494 tons. While we about doubled our output, the output of West Virginia multiplied more than ten times. Again, take the State of Kentucky, and we find that in the same period that we doubled our output the output of that state multiplied nine times. So that while we might, by glancing merely at our own progress, feel that we were doing very well, a glance at what is being done in the world around us leads to the belief that we should have made a measure of progress much greater than our records show, and more approaching that of the coal mining states of the neighboring republic. We have thought, in view of the progress made in the United States, that, under fair conditions, our Province should do better than it has done, and we have from time to time aimed at devising some method by which we could accomplish something like the great results attained in the states to which I have referred.

#### THE UNITED STATES MARKET.

There is one feature of the coal question which has been to some extent a matter of political contention. I shall refer briefly to that aspect of the question, not for the purpose of arousing party discus-

sion, but for the purpose of stating what is matter of history. Down to a comparatively recent date, nobody in Nova Scotia doubted that what we required to promote the growth of our coal mining industry was access to the markets of the United States. During the existence of the Reciprocity Treaty between the British Provinces and the United States, while business generally was improved, the increase of the coal business was particularly gratifying, and, naturally, men have looked to the bringing about of similar conditions to produce similar results. One of the arguments most strongly used by those who advocated the adoption of what is called the National Policy, and which had much weight in the minds of those who in this Province were influenced to support that measure, was that, through the adoption of the National Policy, we were to obtain reciprocity with the United States. And while reciprocity with the United States was deemed desirable in many interests, it was deemed particularly desirable in relation to the item of coal. I remember of reading a speech of Sir Charles Tupper, delivered at Sydney, Cape Breton, in the election campaign of 1878. Sir Charles knew that there he was speaking in the midst of this great mineral wealth, and he declared that what Cape Breton most needed was access to the American market. Even though Americans should sell their coal in Ontario and Quebec, he declared that what nature intended was that the miners of Cape Breton should sell their coal in the New England market; and he told his hearers that when we had the American market again, as we would have it through the instrumentality of his policy, then would Sydney and Cape Breton flourish as never before. While some men have changed their views, I for one have never been willing to give up that bright hope. I have been clinging to the idea that at some time we would realize the brilliant picture which Sir Charles Tupper and his friends presented, that by the shipment of large quantities of coal to the United States we would add to the prosperity of the country. Sir Charles Tupper said further that we would not only ship these large quantities of coal to the United States, but that the home consumption would be greatly increased by the production of large quantities of iron, which would also add to the prosperity of the country. We have been clinging to the idea that at some time we would again obtain access to the American market.

## LARGER OPERATIONS NECESSARY.

We have felt that the coal trade could not be carried on successfully in a small way. It is useless to expect an article of a cheap character like coal to be handled successfully, unless by the combination of much capital and skill. I do not want to be understood as undervaluing the operations of the gentlemen who have been interested in coal mining in Nova Scotia, but my belief is that they have been carrying on their work on a much smaller scale than similar operations have been carried on in the neighboring republic. Now, what I say is, that if we expect to compete with the Americans we must adopt modern methods and meet our competitors on even terms. Therefore it seemed to us desirable, in approaching this question, that, in order to meet American competition, we should adopt American ideas and methods in regard to the mining, shipment and handling of coal. Even though the present tariff conditions should continue we felt there was great need of improvement and reform in regard to the methods at present employed in these particulars.

## THE CANADIAN COAL DUTY.

As respects the effect of the Canadian coal duty, that is a political question, and I will only mention it in passing. There are those who say that the duty imposed on American coal was of no advantage to the Province of Nova Scotia. I have never taken that view. I have always held that the protective system as a whole is a bad one, and that any advantage which we have derived from the coal duties has been more than counterbalanced by the evils of the system. But, while admitting that our coal trade up the St. Lawrence River has been increased by the duties, there is an important fact to which attention should be called. While it is a fact that our coal trade has increased, it has not increased as rapidly as the general consumption of coal. Leaving out of the question the product of British Columbia, if we take the total imports of coal into the Dominion, and the output of the Nova Scotia mines for the year ending June 30, 1878, we find that 894,798 tons were imported, and the total sales of Nova Scotia during the same year were 732,588 tons. Of this total amount of coal consumed in the Dominion 55 per cent. was imported, and Nova Scotia contributed 45 per cent. Yet in 1891 we find that while there had been a large increase in the production of coal, we had proportionately lost ground. While the

Province of Nova Scotia produced more than double what it formerly did, it is a remarkable fact that in the former year, 1878, we were able to supply 45 per cent. of the coal consumed in the Dominion, and now, with the coal duty, we only supply 36 per cent. of the quantity used in the Dominion. While there has been a large and gratifying increase in our output, the fact is apparent that it has not kept pace with the general consumption of coal in the Dominion, and that as years roll on we are not supplying a larger proportion, but actually a smaller percentage than we did before the National Policy was adopted.

#### NEW CAPITAL WANTED.

But, putting these questions aside, we are led to the conclusion that if we can find any reasonable method of enlarging our operations we should stretch out our hands and endeavor to grasp it. That has been the view of the Government. We have felt that capital was needed in order to enlarge operations. I have been accustomed to hear our leading public men declare that we had an abundance of resources in this Province, and that we only needed capital and skill for their development. That has been the cry for generations. But now, when we endeavor to bring in that capital and skill, and are about to succeed, doubts are for the first time expressed. If I have to admit that these doubts are well founded I shall begin to question whether we have not been all along on the wrong track. It seems that there are some people among us who do not want capital and skill to be brought in for the development of our resources. But, while that opinion is expressed in some quarters, I do not believe that it represents the opinion of the people generally. I believe, and I think the people will agree with me, that we do want capital and skill brought in. I have faith in the resources of this country. I believe the people will support any government or party that brings in capital and skill for the development of our mines, and I believe too that the people will not be particular whether that capital and skill comes from Great Britain or from any other part of the world.

#### WHY AMERICAN CAPITAL IS DESIRABLE.

If we had to make a choice as to the source from which this capital should come, I do not hesitate to say that my choice would be that, for this particular business, it should come from the United States. If we have capital at home it is well to use it, but if our

capitalists at home are so engaged that they are unable to undertake such an enterprise then we should welcome capital from abroad. I think, in view of the expectations which many of us have as to the future development of trade with the neighboring republic, we ought to prefer that capital from that country should seek investment here, because we might then hope to increase our trade with that portion of this continent with which nature intended us to trade. I do not believe in this foolish cry which is now being heard against American capital. I am prepared to hold out both hands to any capital seeking investment in our Province.

#### AN OPPORTUNE TIME.

It is not my purpose to discuss the political questions of the United States, but it is to be noted that ever since the presidential election, previous to the one of last November, there has been an agitation for tariff reform in that country, and though, to a certain extent, it was a party question, and one political party became known as the party of tariff reform, we had the satisfaction of knowing that there was even in the Republican party a large and important element, composed in part of influential merchants and manufacturers of New England, who, while not sympathizing with other doctrines of the Democratic party, were willing to support Mr. Cleveland's trade policy to the extent of having free raw materials. It seemed an opportune time therefore to approach the consideration of the coal question, and to interest Americans in it. If the Democratic party should win at the then pending election, as many of us thought they would, it seemed desirable to prepare for the changed condition of affairs. Even if Mr. Cleveland should not win, we felt that there was among the Republican party that leaven of tariff reform which would soon lead to the free admission of coal into the States, and then the mineral resources of Nova Scotia might be developed to a larger extent.

#### THE HOME TRADE.

Even if we were obliged to put aside the prospect of freer trade with the United States, and assume that the present trade policy of Canada were to be continued, I should still think that we needed some larger operations and improved methods in order to successfully handle the coal business of Nova Scotia. I have been informed that in Montreal the facilities for handling coal are of a somewhat primitive character, and not to be compared to the larger facilities which



are employed in the United States. I am satisfied that the enterprise which we now propose, even if it is only to be regarded from the standpoint of the Dominion's coal supply, will increase the development of the coal trade of Nova Scotia to an extent that could not be accomplished by the old methods.

#### AN ENTERPRISING AMERICAN.

Then came the question as to how we should find the capitalists that were necessary. I think we were fortunate in being able to induce Mr. Henry M. Whitney, of Boston, to become interested in the matter. He is a gentleman whose reputation for high financial standing, shrewd judgment and business integrity almost guaranteed the success of any enterprise he undertakes. He was naturally interested in the coal question from the standpoint of a large consumer. He is the President of the West End Street Railway of Boston. His energy, industry and skill have given to the city of Boston perhaps the finest street car system in the world. We felt that the man who made such a success of that enterprise was just the man to make a success of the one we now have before us. His railway company have discarded the horse system, and are converting the whole into an electric system, in the operation of which coal is of the highest importance. His company will soon be one of the largest consumers of coal in the United States. Upon the completion of their electric railway system, his company will consume over 100,000 tons of coal every year. Mr. Whitney is also president of the Metropolitan Steamship Company, an important and successful company owning steamers plying between New York and Boston, and necessarily a large consumer of coal. When we found that Mr. Whitney was disposed to go into the scheme we made every reasonable effort to meet his views. His associates at the present time are few.

#### A GREAT BANKING HOUSE INTERESTED.

Who are to be connected with him depends on the question of who will purchase the securities to be offered. He has, however, associated with him one of the best known banking firms in the United States, the firm of Kidder, Peabody & Co., of Boston. Any gentleman who has had any large business transactions in Boston knows that it is a banking firm of the highest reputation, whose members would not associate themselves with an enterprise that was not conducted on sound principles.

## LEGISLATIVE AUTHORITY.

There appears to be an impression in some quarters that the arrangement with Mr. Whitney was made in Boston within the last few weeks. That is a serious mistake. The matter has engaged the attention of the Government for nearly a year. To enable us to deal with it we introduced into the Consolidated Mines Act, passed last year, the following clause :—

"Notwithstanding anything contained in the 117th, 118th or 120th section, or in any other part of this chapter, whenever it shall appear to the satisfaction of the governor-in-council that any company or person working, or proposing to work, any coal mine or mines, is willing to pay to the province a greater royalty per ton than that fixed by the said 117th section, or is prepared to prosecute coal mining operations on such an extensive scale as would, without a higher rate of royalty, largely increase the provincial revenue derivable from royalties, the governor-in-council may authorize the commissioner of public works and mines to accept the surrender of any coal lease or leases held by such company or person under the law now existing, or any lease or leases that may be issued under the provisions of the 155th section of this chapter, and may issue in lieu thereof a new lease or leases, containing such terms and conditions as may be deemed expedient as respects the area of any such lease, the period for which the lease shall run, the rate of royalty to be imposed during the whole or any part of such period, and the taxation that may be levied on the property of such company or person. Provided, however that in no case shall any such new lease fix the rate of royalty lower than that fixed by the 117th section of this chapter."

With the authority obtained in that way from this Parliament the Government felt that they were in a better position than ever before to deal with an enterprise of this character. We had various negotiations with Mr. Whitney and his associates in Halifax and Boston. These negotiations have been carried on for the most part by personal intercourse between members of the Government and Mr. Whitney and his associates. The correspondence, which I shall have the pleasure of laying on the table of the House, will be found to be brief, because a very little part of the negotiations was conducted by correspondence.

## CORRESPONDENCE WITH MR. WHITNEY.

The first letter which I have to read in the matter bears date the 13th of May, 1892, being shortly after the close of the last session. It is as follows :—

*Boston. May 13, 1892.*

DEAR SIR :

Referring to the several interviews I have had with you in Halifax and in Boston, with reference to my taking an interest in the coal properties of Cape Breton, I desire to say that if upon investigation the

laws and the leases of mining properties appear to me to be such that we can undertake to do any considerable business without the danger of friction with the Government or embarrassment to ourselves in these matters, I am inclined to take the matter up actively.

I desire simply that the terms and conditions shall be such as to make capital reasonably safe, and I infer from your position in the matter that there is no difficulty in our arriving at a satisfactory understanding about all these matters.

After we have had time for investigation, we will ask for a further conference with you upon the subject.

Yours truly,

(Sgd.) HENRY M. WHITNEY.

HON. WILLIAM S. FIELDING,  
*Provincial Secretary.*

Halifax.

That letter was handed to me by Mr. Whitney in Boston at the conclusion of some interviews we had there. Shortly afterwards I received the following letter :

BOSTON, *May 16, 1892.*

HON. WILLIAM S. FIELDING,  
*Provincial Secretary, Halifax, N. S.*

DEAR SIR :

Referring to the interviews we have already had on the subject, I beg to say that since those interview, I have, for a substantial consideration, obtained the right to purchase one of the important mines in Cape Breton, and am expecting to pay out other considerable sums in order to secure the right to purchase other large mining properties. I do this with the intention of prosecuting coal mining in Nova Scotia on a much more extensive scale than it is at present being carried on.

Before, however, going any further, it is important for me to know upon what I can rely as to the form of lease to be granted under such circumstances under section 159 of "the Mines and Minerals Act of 1892." If any important details need the approval of the Legislature, I should be glad to know that I may rely upon the support of your Government in securing such measures as may be considered by both of us unobjectionable in view of what it is proposed by us to do.

Yours truly,

(Sgd.) HENRY M. WHITNEY.

On the 19th of May, 1892, I replied to Mr. Whitney's two letters as follows :

PROVINCIAL SECRETARY'S OFFICE,

*Halifax, May 19th, 1892.*

DEAR SIR :

I beg to acknowledge receipt of your letter of 13th inst., which was handed to me in Boston, and also of your letter of 16th inst., which reached me to-day, both in relation to your proposed coal mining operations in Nova Scotia.

In reply I beg to say that after the very full discussion of the subject which has taken place between us, both in Halifax and in Boston, and

the further interviews had with your representatives, I am encouraged to believe that we may be able to prepare such a lease as will be satisfactory to the Government and to you. I hope to be able to make a further communication to you on the subject at an early day.

Yours faithfully,

(Sgd.) W. S. FIELDING,  
*Provincial Secretary.*

HENRY M. WHITNEY, ESQ.,  
*81 Milk St., Boston.*

#### RAILWAY TO LOUISBURG.

The next correspondence has relation to the construction of a railway from Sydney to Louisburg. It is within the knowledge of the House that some years ago an English coal mining company which had invested a large amount of money in Cape Breton, built a railway from the Reserve mines to the port of Louisburg. That railway was operated for a time, but in consequence of disaster which came to the company, the road, which was a narrow gauge one, fell into disuse. One of Mr. Whitney's ideas is that he may build a railway to Louisburg and ship coal in the winter. The idea that Louisburg shall be a winter port has been the dream of many people in Cape Breton, and it must be gratifying to these people that as respects making it a coal port in winter Mr. Whitney has faith in their views. The letter referred to is as follows :

BOSTON, May 16th, 1892.

HON. W. S. FIELDING,  
*Provincial Secretary, Halifax, N. S.*

DEAR SIR :

I am informed that your government has power under certain conditions to grant a subsidy of \$3,200 per mile of railway constructed, to aid in the construction of any line of railway within the province of Nova Scotia approved by the Government.

In case myself and associates determine to construct a line of railway between Sydney and Louisburg, in the Island of Cape Breton, by an approved route, would your Government consider favorably the granting of said subsidy to aid in the construction of such line ?

I should be glad to hear from you at your earliest convenience.

Yours truly,

(Sgd.) HENRY M. WHITNEY.

To this I replied as follows :—

PROVINCIAL SECRETARY'S OFFICE,  
*Halifax, May 19, 1892.*

DEAR SIR :

I beg to acknowledge receipt of your letter of 16th inst., in relation to subsidy for a line of railway between Sydney and Louisburg.

In reply I beg to state that our Government have long viewed with favor the project of connecting the coal fields of Cape Breton County

with the port of Louisburg, and have repeatedly expressed their willingness to encourage any *bona fide* enterprise of that character. Some time ago we had negotiations with other parties who proposed to undertake the work, and although no agreement was ever made, we were disposed to deal favorably with them. As they have not taken any action we are free to deal with any others who may be prepared to carry out the work. We can only make a contract with a duly organized company. I have no doubt that if you and your associates enter upon coal mining operations in the County of Cape Breton on the extensive scale which you propose, our Government will be found ready to grant a subsidy of three thousand two hundred dollars (\$3,200) per mile to such approved line as will connect the port of Louisburg with the coal fields.

Yours faithfully,

(Sgd.) W. S. FIELDING,  
*Provincial Secretary.*

HENRY M. WHITNEY, ESQ.,  
*81 Milk Street, Boston.*

On the 23rd of May Mr. Whitney acknowledged receipt of both letters. Mr. Whitney had in the meantime sent his solicitors and representatives to Halifax to confer with the Government.

#### AN AGREEMENT REACHED.

We came to an understanding which was formulated in an Order-in-Council. On the 26th of May, 1892, I addressed to Mr. Whitney the following letter :—

PROVINCIAL SECRETARY'S OFFICE,  
*Halifax, May 26th, 1892.*

DEAR SIR :

Referring to previous correspondence in relation to your proposed coal mining operation in Nova Scotia, I have the honor to forward you herewith a certified copy of an Order of the Executive Council of Nova Scotia, passed at Halifax on the 23rd day of May, instant, and approved by his Honor the Lieutenant-Governor, which states the terms and conditions under which the Government are prepared to grant leases of coal areas to you and your associates.

In transmitting this document I desire to call your attention to the importance of your proceeding with all reasonable dispatch to make whatever arrangements are necessary for the carrying out of your plans. While no time limit has been fixed in the Order-in-Council, it must be obvious that an order of this character could not be allowed to remain as a standing offer for an indefinite period. If within a reasonable time you do not avail yourself of the conditions set forth, it may be necessary to cancel the Order-in-Council.

Yours faithfully,

(Sgd.) W. S. FIELDING,  
*Provincial Secretary.*

HENRY M. WHITNEY, ESQ.,  
*81 Milk Street, Boston.*

That letter refers to the following Order-in-Council which was passed on the 23rd of May, 1892 :—

*Copy of an order of the Executive Council of Nova Scotia, approved by His Honor the Lieutenant-Governor, on the twenty-third day of May, 1892.*

No. 1,720. On a report from the Provincial Secretary, dated May 21st, 1892, in relation to certain proposed coal mining operations :

The Provincial Secretary reports that certain negotiations have been carried on by him with Mr. Henry M. Whitney, of Boston, with a view to the investment of capital by Mr. Whitney and his associates in the prosecution of coal mining in Nova Scotia on an extensive scale, as contemplated by the 156th section of the Mines and Minerals Act of 1892. As a result of these negotiations, the Provincial Secretary states that a form of lease has been prepared, which he believes will adequately protect the interests of the Province and meet to a reasonable extent the desires of Mr. Whitney, which form of lease is submitted for approval. He therefore makes the following recommendations :

1. That Mr. Whitney be informed that upon his organizing a company under the laws of Nova Scotia, and such company acquiring any outstanding lease of a coal mine in the county of Cape Breton, the Governor-in-Council will ratify the transfer of such lease to such company, and, under the provisions of section 156 of the Mines and Minerals Act of 1892, will authorize the Commissioner of Public Works and Mines to accept the surrender of such lease, and to issue in lieu thereof a new lease on the terms and conditions set forth in the form of lease hereto annexed:

2. That Mr. Whitney be further informed that if his company accepts the terms thus offered, and receives from the Commissioner of Public Works and Mines any lease or leases as herein proposed, the Government will at the next session of the Legislature introduce into the Legislature and support a bill to ratify and confirm such lease or leases, and give it or them in all respects the full force of law.

The Council, being satisfied that Mr. Whitney is willing to comply with the conditions of the said 156th section of the Mines and Minerals Act of 1892, concur in the report of the Provincial Secretary, and respectfully recommend the same for the approval of His Honor the Lieutenant-Governor.

Attached to that Order-in-Council was a form of lease, in which is involved the whole arrangement made with Mr. Whitney. It subsequently transpired that there was a clerical error in copying the Order-in-Council and in consequence of that error a further Order-in-Council was passed on the 24th of October, 1892.

I have stated that from the 26th of May down to the 8th of December we had no communication with Mr. Whitney on the subject. During the greater part of that time I was myself in England, and though Mr. Whitney was during part of the time in Nova Scotia, he had no correspondence with the Government. But on the

8th of December, 1892, I received a telegram from Mr. Whitney in the following words :

BOSTON, Dec. 8, 1892.

HON. W. S. FIELDING, *Halifax*.

Would like very much to see you. If impossible for you to come here I will go to Halifax, but it would accommodate me very much if you will come here, both on account of my engagements and because my associates want to meet you.

H. M. WHITNEY.

Several telegrams followed, as the result of which it was arranged that, at a date which was mutually convenient, I should go to Boston for the purpose of meeting Mr. Whitney and his associates. The object of that meeting was that Mr. Whitney and his associates were making arrangements with Messrs. Kidder, Peabody & Co., who were to assist them financially, and as some questions had been raised with regard to the form of the arrangement, they thought it desirable that a member of the Government should be present. My visit did not lead to any change in the arrangement. The only advantage of my being present was to make explanations which facilitated the scheme.

Then, apparently, a difficulty began to arise; the possibility of the Act of the Province of Nova Scotia being disallowed by the Government at Ottawa came to the notice of the gentlemen connected with the project. Mr. Whitney had gone into the matter thoroughly some time before this, and did not regard the point as of importance. If he has done so we should have been obliged to communicate with the ministers at Ottawa, in order to have the doubt removed. Mr. Whitney did not think that was necessary at the time; but, in the course of the negotiations with Messrs. Kidder, Peabody & Co., the point came up again, and it was thought better, if there was a doubt, that it should be removed, and in consequence of that there seemed to be a possibility of a slight hitch arising in the proceedings.

#### THE EARLY SESSION OF THE LEGISLATURE.

Meanwhile Mr. Whitney expressed a strong desire for an early meeting of the Legislature. I am of the opinion, and I understand that legal gentlemen are of the opinion, that the arrangement which our Government made with Mr. Whitney is entirely legal, valid and binding at the present moment. Nevertheless the slightest doubt cast upon the validity of the proceedings would be calculated to drive away capital, and, in view of this, the bankers said that in going to

their friends to assist them they would occupy a stronger position if we had the legislature summoned, and the agreement confirmed beyond all doubt. It was not a case for much doubt, but in their opinion it was the policy of wisdom to make assurance doubly sure. We were willing to meet the wishes of the gentlemen provided we could be sure that the scheme would be advanced, but in view of the doubt as to the effect of the disallowance question, the members of the Government hesitated to advise an early meeting of the Legislature. On the 28th of December I addressed the following letter to Mr. Whitney :

PROVINCIAL SECRETARY'S OFFICE,

*Halifax, Dec. 28th, 1892.*

DEAR SIR :

Since my return from Boston I have had an opportunity of discussing with some of my colleagues the question of an early meeting of the Legislature, with a view to a ratification of our agreement with you. Although such a course as you propose will be attended with considerable inconvenience to the members of the Legislature, we are disposed, in view of the importance of the matter in hand, to meet your wishes, if we can be satisfied that all obstacles have been removed, and that upon the ratification of the agreement by the Legislature, you and your associates will be prepared to carry on your enterprise.

I am aware that the solicitors of Messrs. Kidder, Peabody & Co., the bankers who are co-operating with you in your undertaking, have recently raised a question with respect to the possible exercise of the power of disallowance by the Governor-General of Canada, as respects "the Mines and Minerals Act, 1892," and also as respects the charter under which you propose to organize your company. I discussed this question with you and your associates at an earlier stage of our negotiations, and I understood that the possibility of disallowance was not regarded as an obstacle to your proceedings. If, however, Messrs. Kidder, Peabody & Co. attach so much importance to this point as to cause them to delay action until the expiration of the period within which the power of disallowance may be exercised, I do not see that any advantage would be gained by having an early meeting of the Legislature for the purpose of ratifying our agreement with you.

I shall be glad to have a further statement from you before asking my colleagues to come to a decision respecting the early session.

Yours faithfully,

(Sd.)

W. S. FIELDING,

*Provincial Secretary.*

HENRY M. WHITNEY, Esq.,

*81 Milk Street, Boston.*

Mr. Whitney, on receipt of that letter, sent me the following telegram :—

BOSTON, Dec. 31, 1892.

HON. W. S. FIELDING, *Halifax.*

Disallowance matter no obstacle. Have already taken Caledonia.

HENRY M. WHITNEY.



And on the 4th of January of the present year he addressed me the following letter confirming his telegram :—

BOSTON, *Jan. 4, 1893.*

HON. WILLIAM S. FIELDING,  
*Provincial Secretary,*  
Nova Scotia.

DEAR SIR :

I replied by telegram to your letter of 28th ult., and confirming that, I have to say that we do not expect to delay on account of the possible exercise of the power of disallowance by the Governor-General of Canada. As soon as we obtain the legislation which has been talked of we shall at once go on. We shall organize and take hold of the properties and get to work.

I expect to be in Ottawa within a few days, and I shall explain the situation to the authorities there, and if I then have control of the Caledonia, I shall ask to withdraw their names as petitioners for this change, and on their behalf I shall ask that the Act of last year be allowed.

Yours truly,

(Sgd.) HENRY M. WHITNEY.

Still we thought we should have a further assurance of Mr. Whitney's readiness to go to work before we took the responsibility of advising His Honor the Lieutenant-Governor to summon an early meeting of the Legislature, and, on the 4th of January I addressed the following letter to Mr. Whitney :—

PROVINCIAL SECRETARY'S OFFICE,  
*Halifax, Jan. 4, 1893.*

DEAR SIR :

I duly received your telegram 31st ultimo, as follows :—

"Disallowance matter no obstacle. Have already taken Caledonia."

This telegram was quite satisfactory, and, if nothing further had occurred, action would already have been taken to summon Parliament. But it came to my knowledge immediately after receipt of the telegram that Mr. Winsor, of Messrs. Kidder, Peabody & Co., and Mr. Snow, one of their solicitors, arrived in Halifax for the purpose of inquiring into the question of disallowance, as well as into other matters. This would seem to show that they had not dismissed the matter from their minds. I think it right to call your attention to this fact, and ask you whether you are in a position to confirm the assurance given me in your telegram above quoted.

Yours faithfully,

(Sgd.) W. S. FIELDING,  
*Provincial Secretary.*

HENRY M. WHITNEY, Esq.,  
*81 Milk Street, Boston.*

addressed me

On receipt of that letter Mr. Whitney, on the 7th January, telegraphed me as follows :—

4, 1893.

BOSTON, Jan. 7, 1893.

HON. W. S. FIELDING, *Halifax*.

I beg to confirm the assurance in my telegram of December thirty-first. I think our friends will not delay on account of this disallowance matter. But the thing is going ahead when you give us the legislation, either with or without all my present associates.

HENRY M. WHITNEY.

confirming that,  
of the possible  
of Canada.  
of we shall  
properties and

ll explain the  
of the Cale-  
ed of this change,  
allowed.

WHITNEY.

ance of Mr.  
responsibility  
mon an early  
y I addressed

CE,

7. 4, 1893.

en Caledonia."  
g further had  
on Parliament.  
f the telegram  
Mr. Snow, one  
quiring into the  
is would seem  
their minds. I  
u whether you  
your telegram

NG,

Secretary.

I then notified Mr. Whitney that the Legislature had been summoned, and there was an exchange of telegrams in reference to the withdrawal of signatures to the mining companies' petition to Ottawa asking for the disallowance of our Act of last session consolidating the Acts respecting Mines and Minerals. Mr. Whitney telegraphed under date Boston, Jan. 10, 1893, that Mr. Henry, as solicitor, would withdraw on behalf of the Caledonia, International and Little Glace Bay companies. I replied on the following day that if the petition were withdrawn a settlement of the disallowance matter might be hastened, but that the withdrawal of the companies named, while others remained on the petition, was of no consequence.

That, sir, is all the correspondence that the Government has had with Mr. Whitney and his associates in reference to this very important matter.

#### PARTICULARS OF THE AGREEMENT.

Now we have reached a point when it becomes necessary to give particulars of the precise arrangements we have made. Although the matter has not been laid before the Legislature, it has been much discussed in the press, and there has been raised a somewhat wide-spread cry of monopoly. Let us first understand what a monopoly is, and what proceedings must be taken to establish it. I could mention combines existing not very far from this place to which we might reasonably reject as being bad. But what I wish to suggest is that there may be good combines as well as bad. When two men are doing certain work which could be more economically done by one, a combine for the purpose of producing the same result at a smaller expenditure may be a good to the community rather than an evil. Therefore the mere fact that certain gentlemen propose to place a number of properties under one management, with a view to economy and better results, does not necessarily imply monopoly. If we gave to one man or one corporation certain privileges, and guaranteed that

that man or corporation alone should enjoy those privileges, that we would not permit any one else to enjoy them, that, as I understand it, would be a monopoly.

#### NO MONOPOLY.

But we have given no monopoly to Mr. Whitney and his associates. If Mr. Whitney wanted a monopoly in coal he would have been a foolish man to come to this Government for it. And for two reasons : First, because the members of this Government are not understood to favor monopolies ; secondly, because if Mr. Whitney wanted a monopoly he could better obtain it by not coming to the Government. I would like hon. gentlemen to mark that every possible criticism that can be offered against this measure will be found to be really a criticism, not of the measure itself, but of the law as it stands to-day upon the statute book. If the objection is to monopoly. I say that monopoly is possible under the law as it exists to-day, There is no monopoly in this bill ; on the other hand, there are checks which will render it difficult, if not impossible. If Mr. Whitney wanted monopoly to-day, what is there to prevent him from obtaining it ? Monopoly is largely a question of money, and if Mr. Whitney has money enough to buy up the lease of every mine in the province, what is there to prevent him from doing it ? I assert that there is nothing, and that if Mr. Whitney wants monopoly he can get it without coming to us for it. But it is because Mr. Whitney does not want monopoly, but wants to work the mines vigorously, under conditions more favorable to the public and to himself, that he comes to us to make arrangements with him. I repeat that there is nothing to prevent Mr. Whitney getting a monopoly if he desired it as the law now stands. There is only one feature of the Mining Act which could put a check upon it, and if that is pointed to I can satisfy any member of the House that it is practically a dead letter, that it cannot be enforced, but can be evaded as often as a man has brains and money enough to get around it.

#### THE CONCESSIONS REQUIRED.

Well, now, what did Mr. Whitney want ? He thought that there could be some improvement in our mining law. What was it that he objected to ? Gentlemen may say, and there are many no doubt in this Province who will say, in view of the outcry last year against the increase of royalty from seven and a half cents a ton to ten cents a

ton, "We know what Mr. Whitney complained of ; it was that you "increased the royalty from seven and a half to ten cents." Men said last year that by doing so we were driving capital out of the country ; that if we increased the royalty we could not get any one to invest a dollar here. Naturally it might be supposed that Mr. Whitney asked us to repeal the law increasing the royalty, and to go back to the seven and a half cents a ton. But Mr. Whitney did not say anything of the sort. He did not grumble at the ten cents a ton royalty, but said, "We would like a longer lease." The law as it stands enables the Government of Nova Scotia to issue leases for a period of 80 years. The most important leases now outstanding had 80 years to run from 1866, and have consequently 54 years yet to run. If those leases fell into the hands of the Government, or if we issued new leases to-day of newly discovered areas, the law enables us to issue them in terms of 20 years, with rights of renewal which extend the terms of the lease to 80 years. Mr. Whitney wanted a longer period than that, and, after debating the matter, we agreed to offer him leases of 99 years, where the law now authorizes us to give leases of 80 years. Then we put in a clause, which I should mention, which however only takes effect by mutual agreement, providing that if, at the end of the term of 99 years, the Government wish to continue the arrangement, it may be continued by mutual consent for a further period of 20 years. But if there is any objection to this on either side, the lease will terminate at the expiration of the period of 99 years.

#### RESPECTING PROVINCIAL TAXATION.

Then Mr. Whitney wanted something else. He said that they did not understand the royalty in the States ; that they did not pay royalty there ; that when they bought a mine they bought it outright, and then got all that they could out of it. But we reminded him that if they did not have to pay royalties there, they had a State taxation, and we were able to point out that while in the States the State Government gets a revenue from the imposition of taxes upon mining corporations, we get it in the shape of a royalty ; and that whether the amount that the State gets is called a royalty or a State tax makes comparatively little difference. We were able to show that in this respect we were on even terms. Mr. Whitney admitted that this freedom from taxation was important, but he contended that if it was to be any value to him it must be guaranteed to be continued. It is sometimes said in Nova Scotia that we are going to have direct taxa-

tion for Provincial purposes. We, of course, on this side of the House do not believe that. We said to Mr. Whitney, "We have no State tax here; instead of that we have royalties, and we are willing to guarantee that so long as you pay royalties we will not tax you for Provincial purposes."

#### NO EXEMPTION FROM MUNICIPAL TAXATION.

Then we said: "But you must remember, Mr. Whitney, we have municipalities in this Province, and we do not propose to interfere with their right to tax you. Whatever property you may have which comes under the municipal assessment law of the Province you must pay taxes on to the town or municipality, as the case may be." He was willing to consent to that, provided we would assure him that the coal undeveloped in the seams would be exempt from taxation. Upon that point there was no difficulty. This coal in the seams is crown property. Even Mr. Whitney, when he gets a lease, does not get the ownership of the property. He only gets the right to work it; consequently the coal in the seams, being still crown property, would not be the subject of taxation. We agreed, therefore, to guarantee to Mr. Whitney that his company should not be taxed by the province except in the way of royalty, and that they should not be taxed by the municipalities for undeveloped coal in the seams.

#### TRANSFER OF LEASES.

The Legislature has given to the Government a discretion with regard to the transfer of mining leases from one party to another. The Government have never found that power was of much practical good, except as to enforcing the payment of royalty. I do not know of any instance where a Government of Nova Scotia refused to grant to a company the right to transfer its lease to another company. But the regulation has occasionally been found useful in the way of collecting royalty. Thus, when a company was about transferring its lease we would examine the company's account with the Government, and, where necessary, call attention to the fact that certain royalty had not been paid, and that royalty was accordingly paid before the transfer was completed. Mr. Whitney asked us to agree that the discretion conferred upon the Government to permit transfers of leases, which permission had never been refused, should be exercised when required—that whenever he bought the interests of another company from the lease holder and paid the price mutually agreed upon,

and came to the Government for a transfer of that lease, the Government would then exercise that discretion favorably and grant the right of transfer which they had never refused before. The Government agreed to that.

#### RESTRICTIONS ON THE COMPANY—ONE COUNTY ONLY.

Now, I think I have stated to the House every material point on which we have granted any concession to Mr. Whitney. The lease that we have agreed upon is a very elaborate document, necessarily full of the old forms, and I will not weary the House by reading extracts from it. Having discussed with Mr. Whitney what he wished us to do, we thought it was about time to talk to him about what we wanted him to do. We felt that there would be some alarm on the score of monopoly, and we were determined to take reasonable precautions against anything of the kind. We therefore considered as to what was a reasonable extent of coal field which we would permit Mr. Whitney to obtain under our proposed new lease. We said to him that we thought the County of Cape Breton was a field large enough to give him ample scope for the operations which he proposed to carry on, and that we would not extend the privileges of the new lease to him as respects any mine outside of the County of Cape Breton. When I state that the Government took this position and that Mr. Whitney agreed to it I am sure that the public will see at once how unfounded the monopoly cry has been. It has been proclaimed throughout the country that we have agreed to give Mr. Whitney control of all the mines in Nova Scotia. I would regard it as undesirable that all the mines of Nova Scotia should get under the control of one man or one company, and therefore we stipulated that he should not be permitted to take under this lease any mines outside of the County of Cape Breton. It is true that that is a county in which there is a large coal field. Perhaps there is more coal in the County of Cape Breton than in the same area in any other part of Nova Scotia, or indeed in any other part of the world.

#### GREAT COAL FIELDS NOT INCLUDED IN THE LEASE.

But there is outside of Cape Breton County, in the Province of Nova Scotia an ample supply of coal to guarantee the people against monopoly. Out of the one million eight hundred thousand tons of coal produced from our mines last year we only raised about half in the County of Cape Breton. We are therefore leaving to compete

with Mr. Whitney all the mines in Nova Scotia outside of the County of Cape Breton. At Springhill, Cumberland Co., there is one of the most valuable mines in the country, free to compete with Mr. Whitney. There are also valuable coal fields in Pictou County, equally free to compete. There are also the valuable coal mines at the Joggins, in Cumberland County, which promise to be even more vigorously conducted than before, owing to the investment of new capital, and which will be free from the control of Mr. Whitney and his associates. I have mentioned the working collieries but it is well known that there are large areas of coal undeveloped, and which are not and cannot be embraced in the lease to Mr. Whitney. Broad Cove, in the County of Inverness, has one of the finest coal fields in the country. Mabou and Port Hood have also coal fields known to be valuable, and none of these coal fields are touched by the lease to Mr. Whitney. So also in Victoria County there are coal deposits of value which are not touched by this lease, and at Carribou Cove, in Richmond County, there are coal deposits which are not embraced in the terms of this lease. There are also, I have no doubt, many seams of coal yet undiscovered in Nova Scotia, which of course are not covered by this lease to Mr. Whitney. When I point out these facts, surely it will be seen that there is no shadow of justification for the cry that we have proposed to give all the mines of Nova Scotia to Mr. Whitney.

#### A LARGE GUARANTEE OF ROYALTY.

Well, we put another check upon Mr. Whitney's operations, one in which he gave us a substantial guarantee of his good faith. We proposed that whenever his company should have obtained possession of properties out of which there were taken, in the year 1891, 250,000 tons or more of coal, we would impose an additional check upon its operations. I believe that Mr. Whitney has already obtained control of several properties to make the clause I refer to operative at once—the mines he controls produced more than 250,000 tons in 1891. It was said that there was danger of closing up the mines. We anticipated that point, and in order to take every precaution against such a thing we imposed a check upon Mr. Whitney and his associates which is not imposed upon any other mining company in Nova Scotia. We said to him that whenever he obtained control of a number of areas to the extent I have just described, he and his associates should be obliged to pay the Government of Nova Scotia every year a royalty on an output not less than



the output that had occurred in the year 1891, which was the largest output in the history of mining in Nova Scotia. We required him to guarantee that even if he never took a pound of coal out of a mine covered by his lease he would be obliged to pay the Government of Nova Scotia royalty on the basis of the output of 1891. I shall show you in a moment what that provision involves.

#### THE COMPANY TO PAY HIGHER ROYALTY.

We said that we were desirous of giving Mr. Whitney a fair and reasonable bargain, but we thought that, in view of the terms we were giving him, he should give us, not merely the royalty of the past, the seven and a half cents; not merely the royalty of ten cents a ton, as provided by more recent legislation, but that he should give us something more. What, you say, do you mean more than ten cents? We were told last year, when we increased the royalty from seven and a half to ten cents, that the business would not afford it; that we would drive capital out of the country; that men would not buy coal areas. And yet we asked for more? Yes, we did, and Mr. Whitney is going to pay us for every ton of coal taken out of Cape Breton, not  $7\frac{1}{2}$  cents, not 10 cents, but, for every ton of coal taken out he will pay  $12\frac{1}{2}$  cents into the people's treasury, which means that much more money for education, that much more money for roads and bridges, that much more money for steamboats, packets and ferries, that much more money for everything that we are interested in. When that fact is stated to the public, in addition to what I have previously said, I think they will reach the conclusion that this bargain, while fair to Mr. Whitney, and giving him the opportunity of carrying on his enterprise with good prospect of success, is going to be a profitable one for the province.

#### WHAT ASSURANCE OF OPERATION?

But I have heard it asked, "Will they put out the coal—what if the mines close?" My answer is that we do not ask any other mine owner to make terms that he will put out any given quantity of coal. We do not ask Mr. Cowans, of Springhill, or Mr. Fergie, of the Drummond, or Mr. Poole, of the Acadia, to agree that if they do not put out so much coal we will forfeit their leases. We have to take it that the law of supply and demand will regulate these things. And if we do not ask such conditions of Mr. Cowans, Mr. Poole or Mr. Fergie, who pay us ten cents per ton royalty, why should we ask them of Mr. Whitney when he agrees to pay us  $12\frac{1}{2}$  cents per ton?



With respect to the possibility of closing the mines, the law as it stands does not give us any special power, and if every mine in the province were to be closed by the lessees I do not see what we could at present do to prevent it. There was a time when we had a forfeiture clause in the law to meet cases of non-working, but we found that if it had been carried out to the letter we would have been all the time forfeiting leases. For a time there was a limited demand for coal. We could hardly force men to operate the mines when there was no market for the product ; and of late years the Legislature has not adhered to the forfeiture clause for non-working. Instead of that it has said that so long as a man pays royalty or rental he shall not have his lease forfeited. I am asked what would you do if the mines were closed ? I reply that as in the case of existing leases, we do not legislate to meet such a contingency as that, so, in regard to this lease, we do not make special legislation except in regard to payment of royalty. But if people should enter into a combination of the character talked of, and shut up our mines in order to give employment to men in a foreign country, I have no hesitation in saying that in the event of such a thing as that being done, any men who meet in this Legislature would have to regard it as an act of war, and that it would be their duty to protect the public interests at any cost. That statement I do not hesitate to make. But we do not anticipate such things with respect to the mines working to-day, and we do not see why we should deal differently with the enterprise proposed by Mr. Whitney.

#### A HEAVY PENALTY.

Close the mines ! The thing is ridiculous. Does anyone consider what the consequences would be ? Mr. Whitney would be compelled to pay the Government royalty on a quantity of coal equal to the total output of 1891. And this would not be royalty equal in amount to that paid in 1891, but royalty on the same number of tons at  $12\frac{1}{2}$  cents per ton, that being the amount of royalty established by this lease. Let us consider for a moment how that works. There were taken out of the mines of Cape Breton county, within which Mr. Whitney is free to pursue his operations, in the year 1891, 982,392 tons of coal. If we apply the  $12\frac{1}{2}$  cents per ton rate to that we find that for the privilege of closing up the mines of one county Mr. Whitney would have to pay the Government the sum of \$122,799 per annum. That is a pretty heavy penalty. Most people will say that when we have provided a fine of \$122,799 per annum as a penalty for

s, the law as it  
 every mine in the  
 what we could  
 we had a for-  
 g, but we found  
 d have been all  
 limited demand  
 ines when there  
 Legislature has  
 Instead of that  
 tal he shall not  
 do if the mines  
 eases, we do not  
 ard to this lease,  
 to payment of  
 on of the charac-  
 employment to  
 ying that in the  
 who meet in this  
 nd that it would  
 st. That state-  
 pate such things  
 not see why we  
 y Mr. Whitney.

anyone consider  
 uld be compelled  
 equal to the total  
 al in amount to  
 of tons at 12½  
 ablished by this  
 ks. There were  
 thin which Mr.  
 r 1891, 982,392  
 to that we find  
 ounty Mr. Whit-  
 f \$122,799 per  
 ple will say that  
 as a penalty for

Mr. Whitney and his associates closing the mines, we have provided a penalty which will lead him to work them provided there is any market.

#### SEVEN MILLION DOLLARS REQUIRED.

But that is not all. I have the means of knowing something of the way in which this scheme is financed. It may be interesting to state, in view of the idea that the Americans are going to gobble up our mines, that while Mr. Whitney and his present associates are going to put a large amount of capital in this enterprise, they do not propose to put the whole of it in, but they will invite others to contribute. Others who desire to do so will have the opportunity of buying the securities which are to be issued. If there are in the Province of Nova Scotia or in Canada any persons who think that this is going to be such a bonanza that they want a share in it, Mr. Whitney is generous enough to give it to them, provided they pay for their shares as he does. The securities will be offered for sale by Kidder, Peabody & Co., and will be sold to the men who offer the most for them. If any man wants to invest in the enterprise, then let him make an offer for the bonds, and he will find the promoters of the enterprise willing to sell. At an early stage of the operations of the company they will require a capital of at least \$7,000,000. Ultimately they will require a larger sum, but what I mean is that at the beginning of the enterprise, in order to buy the present leases, to build the railway to Louisburg, which will have to be constructed on an expensive scale so as to stand the heavy traffic, and to establish terminal facilities, and to obtain the steamships included in one of the properties, the company will have to expend about \$7,000,000. A portion of this will go to pay for steamships, which, in the event of the mines being closed, could be employed in some other direction. The steamers now used are not of the class that Mr. Whitney proposes to employ in future. The elements upon which he relies for success are better facilities for transportation of coal, better means for handling it, so as to avoid the loss by breakage under existing methods, cheaper methods of management, more modern machinery, and, in fact, the employment of all those methods which have brought success to coal enterprises in the United States. These are the points in connection with which Mr. Whitney expects to make a saving and to do a good thing for the province of Nova Scotia, while at the same time getting a fair return for his own capital. Now with-

out going into the construction of larger steamers, and confining ourselves to the early stages of the enterprise, I believe that the statement that it will call for an investment of \$7,000,000 is not an exaggerated one. Probably \$6,500,000 of that will be fixed capital invested in the purchase of existing leases, the construction and equipment of the railway to Louisburg, and the supplying of terminal facilities in various places. It is proposed, in order to raise the sum required, to issue securities at rates bearing from 6 to 8 per cent. interest. There will be several classes of stock. I am informed that it is proposed to issue securities in preferred stock and bonds, the bonds bearing interest at the rate of 6 per cent. and the preferred stock at the rate of 8 per cent.

Mr. Cahan—Can you give the amount of preferred stock and bonds?

Hon. Mr. Fielding—They will issue \$3,000,000 of preferred stock and \$3,000,000 of bonds. The balance will be obtained from the common stock of the company. I do not guarantee this in detail; I give the figures as I have obtained them, and I understand that the operations at no remote day will involve the providing of a larger capital. \$6,500,000, as I have said, will be fixed capital invested in things that cannot be converted to any other use. Now let us assume that \$6,500,000 are invested here, bearing interest at the rate of 6 per cent. The interest on that amount for one year will be \$390,000. If the company close the mines they have to lose that amount. Now, add to that interest on capital invested the sum of \$122,799 royalty, which they will have to pay the Government of Nova Scotia in any event, and we find that for the privilege of closing up the mines of one county in Nova Scotia this company would have to sacrifice \$512,000 a year. That is to be the penalty for closing the mines, if such a thing were attempted. I do not think that any company would be willing to pay for such a privilege, even the sum which this company would be compelled to pay to the Government of Nova Scotia, but when we find that in addition to that the company would have to allow capital to go to waste, the interest upon which would bring the penalty up to \$512,000, I do not think it reasonable to believe that these people will ever attempt to close up the mines in the county of Cape Breton.

I think when it is seen that Mr. Whitney was willing to come into this Province and submit to all these guards and checks, some of

which are not imposed on any mining company in Nova Scotia, and when it is known that he is a gentleman of great enterprise, zeal and integrity, it should not be needful for me to discuss the matter further, believing as I do that the measure will commend itself to the judgment of the people.

#### ADVANTAGES OF CAPE BRETON MINES.

But why should Mr. Whitney's company want to shut the mines of Cape Breton county? There is no place on the continent of America where coal can be put on ship board at tide water so cheaply as it can in Cape Breton county. There may be one or two points in the United States where mines are so favorably situated that they can raise coal cheaper than we can, but when you remember that the mines in the United States are in most cases inland, and that they have a long haul before they reach tide water, it will be evident that the county of Cape Breton has special advantages in that respect. Why then should Mr. Whitney's company want to shut up these mines in the county of Cape Breton? I want the House to consider the vast amount of coal used in the United States. The amount we use here in Nova Scotia is small in comparison. I do not see how it could pay any company carrying on operations here to shut down the mines in the county of Cape Breton; but if that possibility exists it cannot operate as a criticism of the measure before the House, but rather as a criticism of the present condition of our mining laws. We have no mining law to-day in Nova Scotia that will compel any company to take out a fixed quantity of coal.

There is one point that Mr. Whitney very properly stipulated for when we proposed to impose the penalty I have referred to, in order to prevent the shutting up of the mines in the county of Cape Breton. He said he was willing to agree to the imposition of that penalty on condition that it should not apply to the closing up of the mines from unavoidable circumstances, such as an explosion or accident. We therefore agreed to insert a condition in the lease giving him the right of arbitration in such cases and providing that if he could satisfy the arbitrators appointed under the laws of Nova Scotia that his mines were not producing the full quantity of coal produced in 1891, in consequence of circumstances which were beyond the control of the company, we should not enforce the penalty against them.

Mr. Cahan asked if the Whitney company had organized

Hon. Mr. Fielding—I am not in a position to state whether they are actually organized as yet under the laws of this Province, but of course before the undertaking can be carried out they must be organized under the laws of Nova Scotia. That is, however, a matter about which we are not particularly concerned at present. The proposed enterprise is a large one and well worthy the attention of the Legislature and the public. If anybody can show that Mr. Whitney has got a very good bargain out of this undertaking we shall not regret it very much, for we want him to have a good bargain. We want the venture to be a success, and we want the investors to reap the benefit of their enterprise. We desire to be able to show Mr. Whitney and the gentlemen associated with him that the mineral wealth of Nova Scotia is a solid reality, and I trust that their success will be the means of bringing many other capitalists to invest in developing the resources of this province. We have boasted so much of the mineral wealth of Nova Scotia, and have proclaimed so frequently that all the Province wanted was to have its great natural resources advertised, that I trust our wishes in that respect will now be accomplished and the mining interests of Nova Scotia will flourish to a much greater degree than ever before.

In the name of the Government of Nova Scotia, I submit this measure to the people's representatives with the fullest confidence that every reasonable effort has been made to guard the interests of the people, and that if this measure is adopted it will be the means of adding greatly to the wealth and prosperity of Nova Scotia.

te whether they  
Province, but of  
they must be  
however, a matter  
esent. The pro-  
attention of the  
at Mr. Whitney  
shall not regret  
gain. We want  
tors to reap the  
show Mr. Whit-  
mineral wealth  
r success will be  
st in developing  
ed so much of  
ed so frequently  
atural resources  
t now be accom-  
will flourish to a

a, I submit this  
llest confidence  
the interests of  
ll be the means  
a Scotia.

