TOPIC 4.1

Diversification

What resources led to the creation of your town and other towns in your region?

What problems are associated with one-industry towns?

Introduction

European settlement in Newfoundland and Labrador was originally driven by demand for saltfish that was exported to southern Europe and the British West Indies. By the mid-1800s, however, several problems arose that limited the ability of the fishery to remain the primary economic activity. Recognizing this, the Newfoundland government began to look for ways to diversify the economy.

Changes in the Fishery

During the nineteenth century, the resident population of Newfoundland and Labrador grew, increasing the number of people seeking work in the fishery. This created two problems. First, the harvest rate per person declined as there was a limited amount of fish available to catch. In economic terms, all things being equal, each person involved in the fishery earned less. As you will recall from your study of chapter three, to compensate for declining harvests per person, fishers sought new fishing grounds, such as those in Labrador, and took advantage of new technologies, such as cod traps, which increased their ability to catch more fish in less time.

The second problem was the decrease in the cod biomass off Newfoundland and Labrador. One factor which contributed to this was a period of lower ocean productivity – this means the rate of cod reproduction was lower than in previous centuries. The combination of the increased rate of fish harvest with the reduced ocean productivity severely taxed the cod stocks. In fact, fisheries experts who have examined this period estimate that the cod biomass off Newfoundland and Labrador decreased by approximately 50 per cent between the late 1700s and the 1880s.
An unsustainable pattern

As noted in chapter three, the pattern of expanding settlement along the coast of the island of Newfoundland, coupled with the growth of the Labrador and bank fisheries, provided a source of new stocks. However, this pattern masked an ecological imbalance between fishers and cod: as the discovery of new fishing grounds allowed for an increase in the number of fish caught, it became less apparent that older grounds had been over-exploited. Overall, catch levels remained relatively steady. However, with an increase in the number of fishers working to catch these fish, there was a steady decrease in cod landings per resident.

CHANGING MARKETS

Increased foreign competition was another problem for the fishery during the last quarter of the nineteenth century. With the construction of rail lines and steamships in Europe, France and Norway could ship fish to southern Europe cheaply and reliably. As Newfoundland merchants rushed to compete, our fish was often of poorer quality, thus fetching lower prices at market. By the early twentieth century, demand for saltfish in some markets further declined as canned meats became more popular. The saltfish market was also reduced by the introduction of fresh frozen fish in the 1920s.
An examination of the economic activities of this time period highlights another problem associated with over-reliance on the fishery. While subsistence activities helped Newfoundlanders and Labradorians produce many of the items they needed, some items, such as flour, tea, molasses, rum, tobacco, bulk salt, and medicines, still had to be imported. With an increasing population and a struggling fishery, the cost of imports was often greater than the value of fish exports.

In 1878, Sir William Whiteway was elected as Premier of Newfoundland on a “Policy of Progress.” This involved a determined push to create employment through the development of natural resource industries – especially forestry and mining. Whiteway felt that the building of a railway across the island was the essential first step to opening up the interior and developing these industries.
Excerpt from a letter to the editor of *The Newfoundlander* who reported on a speech given by William Whiteway in Heart's Content on October 22, 1878.

... They were received most enthusiastically, and after the subsidence of the many hearty cheers which greeted them, E. Weedon, Esq., was moved to the Chair, from which he briefly in a few well-chosen words explained how he had accepted the duties of Chairman in courtesy to the Hon. W. V. Whiteway and colleagues. Silence being restored, the Hon. the Premier advanced to the front and began giving an account of his stewardship during the past four years, and also the many wise measures which his Government or party had passed for the general welfare of the country. He also touched on the vast mining enterprises now producing such good fruit to the country in giving so much employment to hundreds of our fishermen who would otherwise be idle during the winter months. He alluded to the importance of cutting roads through the interior so as to open up the vast tracts of valuable agricultural land for settlement, also what labour the lumbering business would give, and how great a source of wealth it would be for the country. Coastal steam was next brought before the meeting, and the advantages derived from the splendid boats now on the northern and western routes, and how happy all should feel in being able to hear from their friends on the Labrador every fortnight. The future Railway across the country, telegraph extension around the Island, and several other topics of interest, were adverted to and thoroughly explained to a most admiring audience ...

Although government leaders recognized that an economy based on a single industry was problematic, very few jobs existed outside the fishery. In an effort to correct this problem, the government began looking for ways to develop other resources. Government-sponsored surveys, completed during the second half of the nineteenth century, confirmed the existence of agricultural, forest, and mineral resources in the island's interior that could be developed. However, a way to access them had to be found. An 1880 government report suggested that a railway across the island could be the solution.
In this chapter you are asked to select an event or overall experience and compose a song to tell that story. There are a variety of experiences in this chapter:

- Changes in the fishery
- New industries such as the railway, forestry, and mining
- Changes in lifestyle and culture (both Aboriginal peoples and European settlers)
- The labour movement

Your task is to identify the subject for the composition of your song and to create the title for that piece. The song should focus on telling a story related to your area of interest. Remember, use this as an opportunity to explore something that interests you or is important to you. Set aside a notebook exclusively for the purpose of writing this song.

Experiencing The Arts

A Golden Age

In the decades that would follow, much of Premier Whiteway’s vision would be realized. In fact, the first decade of the twentieth century began with promise in the colony. The recession of the late nineteenth century was ending, the prices for fish and other exports were increasing, and the forest and mining industries were growing. This pre-war period, 1900-1914, has often been considered a “Golden Age” in the country’s history.

Much of this period (1900-1909) corresponded with Sir Robert Bond’s term as Premier of Newfoundland. While serving as Colonial Secretary under Premier William Whiteway, Bond had worked to protect Newfoundland’s fishing industry, challenging French and American fishing rights, and maintaining the colony’s independence from Canada. As premier, he renegotiated the railway contract to the benefit of the colony and finalized the entente cordiale. These successes, along with the development of the mining and forest industries, helped strengthen the colony’s economy. In fact, the government recorded numerous budget surpluses under Bond’s leadership.

Bond also tried on several occasions to negotiate a free trade agreement with the United States, but was blocked...
by American, Canadian, and British interests. Such problems in international affairs eventually led to Bond’s downfall in 1909 and his retirement from politics in 1914. Edward Morris followed Bond as prime minister. Until the outbreak of war, Morris promoted extensive railway construction, new industry, and resource development.

International Affairs

During the mid to late 1800s, pre-existing British fisheries treaties with France and the United States were a concern for the Newfoundland government. There was considerable frustration among Newfoundland fishers with the privileges these treaties granted to French and American fishers in Newfoundland waters. Several premiers appealed to Britain to revisit these agreements. In most cases, Britain was unwilling to do so, fearful of damaging its own relationship with France and the United States.

In January 1878, a group of fishers from Newfoundland attacked Americans fishing in Fortune Bay. They forced the Americans to dump their catch and leave the area, claiming that they were violating Newfoundland fishing rights. Whiteway supported the Newfoundlanders and rejected American compensation claims. However, without consulting the colony, Britain paid £15,000 to the Americans and then expected Newfoundland to pay them back. Whiteway refused. Eventually a compromise was reached: Newfoundland would pay £3400 of the compensation and Britain promised to consult the colony in the future in cases involving payment from the colony.

Questions:

1. In 1620 Sir Richard Whitbourne commented on the suspected wealth of the island's interior. “... there is great abundance of Trees fit to be imployed in other serviceable uses ... there might be found many other commodities of good worth. Amongst the which ... there is much probability of finding Mines, and making of Iron and Pitch.”

   Why did it take so long for the colony’s economy to diversify? Identify three factors that might account for this.

2. To what extent is the economy of your community or region economically diversified? What are the strengths and/or limitations associated with this?

3. What trends (both local and global) are affecting the economy today? Which trend might have the most significant impact on your community/region? Explain.

*After 1909, the leader of the colony was known as prime minister instead of premier.*
Throughout the late nineteenth and early twentieth centuries there were numerous events that affected Newfoundland and Labrador. Each of these events, in its own way, was significant. However, were they all equally significant?

IT IS YOUR TASK IN THIS CASE STUDY TO EXAMINE SIX EVENTS and assess the relative significance of each. Remember that determining the degree to which an event is significant depends on three criteria:

1. How important were the consequences?
2. How many people were affected?
3. How long were the consequences felt?

Additionally, significance depends upon an individual’s or group’s perspective. This perspective can be affected by time, geographic location, and interests.

Assessing Significance

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Event #1</th>
<th>Event #2</th>
<th>Event #3</th>
<th>Event #4</th>
<th>Event #5</th>
<th>Event #6</th>
</tr>
</thead>
<tbody>
<tr>
<td>How deep were the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>consequences?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How many people</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>were affected?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How long were the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>consequences felt?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.18 Use this table to help assess the significance of the events in this case study.
The Great Fire, St. John’s, 1892

Late in the afternoon of July 8, 1892, a small fire broke out in a St. John’s stable after a lit pipe or match fell into a bundle of hay. Although containable at first, the flames quickly spread due to dry weather conditions, a disorganized fire department, and poor planning* on the part of city officials. The fire’s rapid progress alarmed city residents, and by 6 p.m. many began storing their valuables in the Church of England Cathedral, Gower Street Methodist Church, and other stone or brick buildings they believed could withstand the flames. As the fire made its way downtown, however, it also gutted many of these structures; the Church of England Cathedral suffered so much damage that it took workers more than 10 years to complete its restoration.**

By 8 p.m., the fire had reached the core of the city’s downtown, where it caused much panic and disorder. Looters ransacked many of the shops and businesses lining Water and Duckworth Streets, while residents in the buildings’ upper levels ran from their homes with as many belongings as they could carry. Vessels in the harbour, meanwhile, sailed out of reach of the advancing flames, which quickly destroyed all of the wharves and their contents.

The fire burned into the night and did not end until 5:30 the following morning. Many people camped out in Bannerman Park or on property surrounding the Roman Catholic Cathedral, which was one of the few buildings the fire did not destroy. As the sun rose on July 9, more than two-thirds of St. John’s lay in ruins and 11,000 people were homeless; many had lost everything they owned, except the clothes they were wearing. In just 12 hours, the fire had killed three people and caused $13 million in property damage—only $4.8 million of which was insured.

With its capital city and commercial centre in ruins, Newfoundland and Labrador experienced a sudden economic downturn. Rebuilding efforts dominated the months following the fire, and cost the government more than $300,000. A local Relief Committee distributed clothes, food, and other goods among the homeless, while a large influx of foreign aid also helped the city recover its losses. The fire prompted government officials to restructure the city’s fire services and to provide firefighters with better training and equipment.

---

*The water supply had been turned off for repairs, so pressure had not yet built up sufficiently at the top of the hill, where the fire started.

**Lack of financial resources probably delayed construction as well.
On December 10, 1894, two of Newfoundland and Labrador's three banks, the Union Bank and Commercial Bank in St. John's, closed their doors and never opened them again. A contributing factor to their demise was a decline in the fishery that began in the mid-1880s. The downturn meant most fishing merchants were borrowing increasingly from the banks in order to continue operating. By 1894, six mercantile firms owed the Commercial and Union Banks a total of $2.5 million.

In order to extend such credit to the merchants, the banks began borrowing money from British banks. However, when the British banks called in their loans to the Commercial Bank on December 8, it was unable to meet its payments. The Commercial Bank turned to the merchants for repayment, but the merchants' assets were tied up in fish that had not yet gone to market. The Commercial Bank's credit was suspended and it was forced to close its doors.

News quickly spread about the Commercial Bank closure, and clients of the Union Bank and the Savings Bank rushed to withdraw their money. The Savings Bank barely survived the run, but the Union Bank closed permanently on the same day as the Commercial Bank. At the time, bank notes were the main source of currency in Newfoundland and Labrador. About $1.2 million in bank notes from both the Commercial and Union banks were in circulation in 1894. These bank notes were rendered temporarily worthless with the banks' closures and savings accounts at both establishments decreased in value overnight. (The government later guaranteed all Union bank notes for 80 per cent of their value and Commercial notes for 20 per cent.)

4.21 Letter from Governor John O'Brien, Dec. 14, 1894

Fearing public disturbances after the bank crash, Governor O'Brien requested the Royal Navy send a warship to St. John's.
In the aftermath of the bank crash, three large mercantile firms went out of business, which affected approximately 19,000 people who had depended on them for employment. Other companies also suspended operations temporarily. The government was pushed to the edge of bankruptcy by this crash. Of immediate concern was interest on the public debt, which was due in London on January 1, 1895. If not paid, the country would have to default on the debt.

This bankruptcy threat was removed by Robert Bond, a senior member of government, who managed to negotiate loans with Canadian and British banks. Canadian banks quickly began to open branches in St. John’s and eventually in some outports. The Bank of Montreal became the government’s banker, and Canadian currency became legal tender in the colony.

The entente cordiale, 1904

In 1904, the French Treaty Shore disappeared as a legal entity. Prior to this, it had been a long-standing source of grievance for Newfoundlanders and Labradors and a cause of tension between the Newfoundland and British governments. The French Treaty Shore came into existence under the Treaty of Utrecht (1713), which gave France fishing rights along that part of the shore and restricted Newfoundland’s economic activity in the area. With the signing of the Anglo-French Convention of 1904, part of the “entente cordiale” which clarified several colonial disputes between Britain and France, this territory was placed under the control of the Government of Newfoundland.

According to the terms of this agreement, France relinquished its fishing rights in Newfoundland in exchange for territory in Africa and financial compensation for the French fishers who would be displaced. The entente cordiale secured Newfoundland's control of the French Shore fisheries and opened the way to settlement and industrial development on the west coast. Its announcement in the House of Assembly was, for the most part, enthusiastically greeted. The next day, April 22, 1904, was declared a school holiday, and a torchlight procession was held in St. John's that evening to mark the event.
As historian James K. Hiller has noted:

The existence of the French Treaty Shore had a significant impact on Newfoundland’s history. The settlement and development of the Shore was delayed as a result of the French presence, and its inhabitants received virtually nothing in the way of government services until the 1880s, when they were finally allowed representation in the legislature, and magistrates were appointed. Land and mining rights remained insecure until 1904. The route of the Newfoundland Railway was influenced by the Shore’s existence, as was the decision to build the first newsprint mill at Grand Falls, and not on the west coast. In addition, the disputes over French fishing rights became a major focus for the Newfoundland nationalism that emerged from the mid-nineteenth century.

... subjects of the Crown of Great Britain living upon the land which gave them birth ... could not ply their avocation in the waters that rolled in at their feet, teeming with treasure that meant food, comfort and independence, unless by the permission of the subjects of France ...

... if they went fishing and were fortunate enough to locate a shoal of fish, and the French discovered their success, they were almost certain to be driven from their moorings by the British Naval Officer at the request of the fishermen of France; and if they protested, their nets and other implements of trade were confiscated and oft times destroyed ...

... this Convention ... heralds the time when even the memory of their presence will fade like a fevered dream before the brightness of a new day.

It is for us now to encourage by every legitimate means the development and settlement of what has hitherto been known as the Treaty Shore, and thus effectively to blot out of remembrance that which has been a curse to this country and a strain upon British rule.

4.26 British cartoon
Celebrating the entente cordiale,
Punch, April 22, 1914
Sealing Disasters, 1914

On March 31, 1914, the sealing vessel SS *Southern Cross* failed to arrive in St. John’s from the Gulf of St. Lawrence as scheduled. Two days later, an already anxious public learned that sealers with the SS *Newfoundland* had spent 53 hours stranded on the North Atlantic ice floes in blizzard conditions. The following day, telegraph offices were crowded with people waiting for word of the sealers and *The Evening Telegram* reported that “business was practically stagnated. Everybody seemed unable to work.” On April 4, hundreds of anxious spectators lined the St. John’s waterfront as the sealing vessel *Bellaventure* steamed through the Narrows carrying the bodies and the survivors of the *Newfoundland* disaster. Of the 77 men who died on the ice, rescuers found only 69 bodies. Another sealer from the disaster died in St. John’s while receiving medical care.

Compounding the disaster’s impact on the public was the loss of the *Southern Cross*. It soon became apparent that it had sunk, possibly off Trepassey Bay, taking with it a crew of 174. With 252 sealers now dead, the impact on Newfoundland and Labrador society was immense. Hundreds of families had lost their loved ones and their breadwinners. Small communities where the sealers lived and spent money also suffered in the short term from a damaged economy and declining morale.

The double tragedy caused widespread mourning and ultimately changed attitudes and legislation surrounding the Newfoundland and Labrador sealing industry. In 1914-1915, the government held a commission of enquiry to examine the *Newfoundland* and *Southern Cross* sealing disasters. Although no criminal charges were laid, the Commission’s findings made it clear that sealers faced unnecessarily dangerous working conditions on the ice. In response to the Commission’s recommendations, and with much prompting from the Fishermen’s Protective Union, the Newfoundland government passed 26 articles into law in 1916 to protect future seal hunts. The new legislation made radios and flares mandatory on all sealing vessels, prohibited sealers from being on the ice after dark, and required ship owners to pay out compensation for dead or injured sealers. Doctors or pharmacists also became mandatory on many ships, as did navigating officers. In addition, on theories that the *Southern Cross* sank because of overloading, the government made it illegal for any ship to return from the hunt with more than 35,000 pelts and established fines for any sealing ship that returned to port with its load line below the water.
Spanish Flu Outbreak, 1918-19

The Spanish influenza pandemic of 1918-19 killed between 20 and 40 million people worldwide, making it one of the largest and most destructive outbreaks of infectious disease in recorded history. In Newfoundland and Labrador it killed more than 600 people in five months. The pandemic arrived on the island of Newfoundland on September 30, 1918 when a steamer carrying three infected crewmen docked at St. John's harbour. Three more infected sailors arrived at Burin on October 4, and they travelled by rail to St. John's for treatment. A doctor diagnosed the city's first two local cases of influenza the following day and sent both people to a hospital. Within two weeks, newspapers reported that several hundred people were infected in St. John's.

By mid-October, the Medical Officer of Health had closed the city's schools, theatres, concert halls, and other public buildings to help prevent the virus from spreading. By early December, 62 people had died from Spanish influenza in St. John's, but no new cases were appearing. The situation was considerably worse in the outports, where fewer medical facilities and practitioners existed to combat the disease. Before it disappeared, the disease killed 170 people in outport Newfoundland.

The Spanish influenza was even more destructive in Labrador, which experienced a disproportionately high mortality rate; the same virus that killed less than one per cent of Newfoundland’s population killed 10 per cent of Labrador’s. As on the island, the virus was spread by visiting boats with infected crew members. The virus first appeared at Cartwright after the mail boat SS Segwia docked there on October 20, 1918. By early 1919, the influenza had killed 69 of the area's 300 residents.

On the northern coast, another ship, the SS Harmony, brought the infection to Hebron on October 27, 1918. The virus quickly spread throughout the village, killing entire families and leaving dozens of children orphaned. By November 19, 86 of Hebron's 100 residents were dead and a further 74 people had died in surrounding communities.

The SS Harmony also brought the virus to Okak. Within hours of the ship's departure on November 8, many people in the village began showing signs of illness. By the end of December, the virus had decimated Okak, killing 204 of its 263 residents and had also spread to nearby hunting camps. As the virus disappeared from Labrador in late December and early January, survivors were faced with burying their dead. In Okak, survivors then dismantled the community entirely, burning all houses and furniture before moving to Nain, Hopedale, or Hebron. In total, the Spanish influenza killed more than 30 per cent of the Inuit population and infected many others. Many of those who did not die from the disease experienced heart and respiratory troubles for the rest of their lives.

“The flu ... That’s why everybody here is related the way they are. When my grandmother died from it, my grandfather had to marry [name deleted] because her husband died of it. They needed to remarry right away with winter coming on and all because your family wouldn’t make it otherwise. Back then life was hard, not like it is today.”

– A reminiscence of the Spanish flu from a Bonne Bay resident (July 2006) from "Boats, trains, and immunity: the spread of the Spanish flu on the island of Newfoundland" in Newfoundland and Labrador Studies, Sept. 2007
The Burin Tsunami, 1929

On November 18, 1929 a tsunami struck the Burin Peninsula, triggered by an underwater earthquake* that occurred on the southern edge of the Grand Banks. Giant waves hit the coast at 40 km/hr, flooding dozens of communities and washing entire homes out to sea. The disaster killed 28 people and left hundreds more homeless or destitute. It was the most destructive earthquake-related event in Newfoundland and Labrador’s history and occurred at the beginning of a worldwide depression.

In addition to the loss of human life, the tsunami lifted houses off their foundations, swept schooners and other vessels out to sea, destroyed stages and flakes, and damaged wharves, fish stores, and other structures along the coastline. Approximately 127,000 kilograms of salt cod were also washed away by the tsunami, which affected more than 40 communities on the Burin Peninsula. Government assessment later placed property damage on the Burin Peninsula at $1 million.

It took only 30 minutes for the tsunami’s three main waves to hit the Burin Peninsula and about two hours for water levels to return to normal. After that, thousands of confused and devastated survivors began to search for the dead or injured and to salvage what they could from rubble lining the coast. To make matters worse, the Burin Peninsula had no way of communicating with the rest of the island because a weekend storm had damaged its main telegraph wire and the tsunami had destroyed all land lines linking the peninsula’s coastal communities. It wasn’t until the morning of November 21 that a ship making a scheduled stop in Burin was able to send a wireless message to St. John’s describing the situation.

The tsunami left the people of the affected communities on the Burin Peninsula in desperate need of help. When news of the disaster finally did reach St. John’s, both the government and public were quick to respond. A relief ship arrived the following day with medical equipment, food, clothes, and other supplies. Public donations poured in from across the colony, and within weeks amounted to $250,000. Canada, the United States, and Britain also gave aid. Despite these efforts, the start of the Great Depression in 1929 and the collapse of the cod fishery in the early 1930s further damaged the Burin Peninsula’s weakened economy. It was not until the 1940s that many communities were able to fully recover, while others could not recover at all.

### Questions:

1. For each of the events identified, determine the degree to which it is significant. Use a graphic organizer to help make your assessment. Once you have completed your assessment, identify which event was most significant.

2. How might your assessment of these events change based on:
   a. time? (e.g., if you lived in the 1890s/1920s)
   b. location? (e.g., if you lived in St. John’s/ Bonavista/Okak/Montreal)
   c. position? (e.g., if you were a merchant/ parent/ Member of the House of Assembly)

3. Identify three recent events that have affected Newfoundland and Labrador. Determine the degree to which each is significant. Once you have completed your assessment, identify which event is the most significant.

4. How does personal perspective influence which events from the past we remember? Why is it important to remember these events?