

The Search for Industry in Newcastle, New Brunswick, 1899-1914

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CATHERINE A. JOHNSON

The Search for Industry in Newcastle, New Brunswick, 1899-1914

“WHY IS IT THAT OUR TOWN of Newcastle is so very little different from what it was fifty years ago? Why is it she has made so little progress?”¹ In the closing years of the 19th century many residents of Newcastle, New Brunswick were concerned over the declining fortunes of their community. There was a strong sense that Newcastle had somehow been by-passed by the wave of progress and industrialization sweeping across the North American continent. In Newcastle there were few signs of civic improvement: the roads were practically impassable in the spring, sidewalks were rotting, and streetlamps were few and far between. The industries of the town consisted of three sawmills and two spoolwood factories, and these operated for only six months of the year. Even Chatham, only a few miles away across the Miramichi River, was far in advance of Newcastle: according to the 1901 census, Newcastle’s industries were capitalized at just \$177,585 compared to Chatham’s \$1,008,340.²

Things had not always been this way. The fortunes of Northumberland County had been closely tied to the forest industries for more than a century, and the initial exploitation of the rich timber lands of the Miramichi had brought prosperity to communities like Newcastle. In the early 19th century the river had become the centre for the great empire in square timber of Pollok, Gilmour and Company, and the home of timber barons Alexander Rankin and Joseph Cunard. Despite the demise of the square timber trade and the decline of the shipbuilding industry after mid-century, Newcastle managed to make a successful transition to sawmilling in the 1860s and 1870s. Yet, by the 1890s, sawmilling on the Miramichi was in trouble. In 1881 each dollar invested in Miramichi industries (mainly sawmills) had yielded \$2.34, but in 1901 the same dollar returned only \$1.02.³ Some residents became concerned about establishing a more stable and diversified industrial base for the community. In Newcastle the most aggressive advocates of new industrial development were the town’s merchants. Their strategy for the economic rejuvenation of the community rested with the effective use of municipal government. Despite initial opposition, the merchants succeeded in achieving the incorporation of the town in 1899. Then, by offering tax incentives and other types of bonuses, the merchants sought to attract new industries, such as furniture factories and pulp mills, to the town.

1 *Union Advocate* (Newcastle), 30 May 1899.

2 *Census of Canada*, 1901, Vol. III, p. 331.

3 *Census of Canada*, 1881, Vol. 111, p. 499; *ibid.*, 1901, Vol. 111, p. 162.

A number of recent studies of the Maritimes have focused upon the important role of entrepreneurship in the industrialization and eventual economic failure of the region by the 1920s. Initial interpretations suggested that Maritime entrepreneurs were skillful and energetic in their efforts to move out of the traditional "wood, wind and water" economy into manufacturing following the implementation of the National Policy in 1879. Yet these same entrepreneurs were also accused of excessive caution and of possessing a colonial mentality which was responsible in no small part for their loss of control of the regional economy to external metropolitan centres by the First World War.⁴ In contrast, more recent investigations have offered a more positive portrayal of Maritime entrepreneurs, describing them as hard-working, resourceful and remarkably innovative in overcoming the geographical disadvantages of the region. Such studies have suggested that the loss of control and subsequent economic decline were a result of the character of the regional economy and its relationship to powerful external market forces.⁵ In these analyses, however, and in work on communities such as 19th century Hamilton and Winnipeg, the elite has been portrayed as comprising a cohesive leadership element in society.⁶ This might not have been the case in all communities. Several recent studies by urban historians have argued that the leadership elites of 19th century communities were not single, unified local power elites, but were made up of divided, stratified, and often contending groups.⁷

A similarly complex and diverse leadership structure existed in Newcastle at the turn of the century and these divisions in leadership had an important bear-

- 4 T.W. Acheson, "The National Policy and the Industrialization of the Maritimes, 1880-1910", *Acadiensis* I, 2 (Spring 1972), p. 28.
- 5 Lewis R. Fischer and Eric W. Sager, eds., *Enterprising Canadians: Entrepreneurship and Economic Development in Eastern Canada, 1820-1914* (St. John's, 1979), and Eric W. Sager and Lewis R. Fischer, "Atlantic Canada and the Age of Sail Revisited", *Canadian Historical Review*, LXIII (June 1982), pp. 125-50. See also David Alexander's essays in *Acadiensis*: "Newfoundland's Traditional Economy and Development to 1934", V, 2 (Spring 1976) pp. 56-78, "Economic Growth in the Atlantic Region, 1880-1940", VIII, I (Autumn 1978), pp. 47-76, and David Alexander and Gerry Panting, "The Mercantile Fleet and Its Owners: Yarmouth, N.S., 1840-1889", VII, 2 (Spring 1978), pp. 3-28. Also see L.D. McCann, "The Mercantile-Industrial Transition in the Metal Towns of Pictou County, 1857-1931", *Acadiensis*, X, 2 (Spring 1981), pp. 29-64.
- 6 Michael Katz, *The People of Hamilton, Canada West: Family and Class in a Nineteenth Century City* (Cambridge, 1975), Alan Artibise, "Continuity and Change: Elites and Prairie Urban Development, 1914-1950", in A.F. Artibise and G.A. Stelter, eds., *The Usable Urban Past* (Toronto, 1979), pp. 130-131, and *Winnipeg, A Social History of Urban Growth, 1874-1914* (Montreal, 1975).
- 7 Richard Alcorn, "Leadership and Stability in Mid-Nineteenth Century America", *Journal of American History*, 61 (1974), pp. 685-702, David C. Hammack, "Problems in the Historical Study of Power in the Cities and Towns of the U.S., 1800-1960", *American Historical Review*, 83 (April, 1978), pp. 323-49, Carl V. Harris, "The Underdeveloped Historical Dimension of the Study of Community Power Structure", *Historical Methods Newsletter*, IX (September, 1976), pp. 195-200. See also David Hammack, *Power and Society: Greater New York at the Turn of*

ing on the community's attempts to industrialize. The merchants comprised only one element of the Newcastle elite in this period. In their efforts to diversify the local economy they faced not only the typical regional obstacles of location and an inadequate financial infrastructure, but also a strong opposition from within their community. An older, established elite, made up principally of sawmill owners, were suspicious of and at times vehemently opposed to the merchants' attempts to attract industries, which, they feared, threatened their control of the local labour market and the raw materials necessary for their mills. The merchants also encountered resistance from a third group: social reformers who argued that the town should offer bonuses to industry only under conditions which protected the town's investment.

The traditional elite of Newcastle was made up of a group of eight men, six of whom were millowners or the sons of millowners.⁸ This patrician group had emerged after mid-century to fill the leadership void created by the demise of the great timber barons who had ruled the river for a generation. As timber gave way to shipbuilding which in turn was replaced by sawmilling, a group of local men had emerged as the economic and social leaders of the area. By 1900 they were solidly entrenched as the traditional elite. The most prominent individuals in this group included Allan J. Ritchie, Edward Sinclair and W.A. Hickson. Allan J. Ritchie, who owned the D. & J. Ritchie Lumber Company, was born in 1849, a descendant of the Ritchies (nephews of Allan Gilmour) who came out to join the Gilmour, Rankin Company of Douglastown in the 1820s. In 1900 his personal assessment amounted to \$2,700, that of his sawmill, \$34,000.⁹ Edward Sinclair, a sawmill owner whose company was assessed at \$25,000 at the turn of the century, was born in Douglastown in 1842, the son of a Scottish labourer

the Century (New York, 1982) and Carl V. Harris, *Political Power in Birmingham, 1871-1921: The Founding and Growth of an American City* (Knoxville, Tenn., 1977).

8 The traditional elite were those with the highest status in both economic and social terms within the community. Since shipbuilding and sawmilling were the two most important occupations on the Miramichi in the 19th century, sawmill owners or the descendants of sawmillers or shipbuilders were selected as being members of the traditional elite. Reinforcing these criteria were the reputation for power and the family status of the individuals as determined through newspaper treatment of them. For the names and occupations of members of the three leadership groups see C.A. Johnson, "Merchants, Sawmillers and Social Reformers: Community Leadership and the Search for Industry in Newcastle, New Brunswick, 1899-1914", M.A. thesis, Dalhousie University, 1980, Appendix A. For a discussion of the methodology for determining elites see Walter S. Glazer, "Participation and Power: Voluntary Association and the Functional Organization of Cincinnati in 1840", *Historical Methods Newsletter*, V (September, 1972), pp. 151-68; Robert O.Schulze and Leonard U. Blomberg, "The Determination of Local Power Elites," *American Journal of Society*, 63 (November 1957) pp. 290-6, and Robert Presthus, *Men at the Top: A Study in Community Power* (New York, 1964).

9 John Rankin, *A History of Our Firm* (Henry Young & Sons Limited, Liverpool, 1921), pp. 21, 122-3; *North Shore Leader* (Newcastle), 7 January 1916; Newcastle Assessment Rolls, 1900, Provincial Archives of New Brunswick [PANB].

who emigrated from Prince Edward Island in 1829. He was trained in the lumber business in the offices of the Gilmour, Rankin Company. He built two schooners in the 1880s, but realizing the days of the wooden sailing ship were disappearing, established a sawmill at Northwest Bridge, just above Newcastle, which grew into one of the most extensive lumbering operations on the Miramichi River.¹⁰ W.A. Hickson was born in Bathurst in 1841 of Irish descent. He later moved to Newcastle where he was employed as a clerk with the Miramichi Trading Company. By the turn of the century he was one of the largest lumber operators on the river, and his company, assessed at \$11,500, employed 100 hands.¹¹ Although they represented wider, county-wide interests, the traditional elite were also very active in town affairs, with six of the eight sitting on the Newcastle town council between 1899 and 1914.

During the last three decades of the 19th century, a new leadership element, comprised largely of merchants, had also emerged in Newcastle. Their commitment to the town as well as their growing wealth and social standing created a challenge to the dominance of the older community leaders. In 1894, aware of the declining local economy as well as the successful transition to new economic activities in other Maritime towns, they formed the Newcastle Board of Trade. Through this body they hoped to improve both the industrial and commercial status of the town. In this analysis, the 18 men who sat on the executive of the Board of Trade between 1899 and 1914 were selected to represent the merchant leadership group. Differing in levels of income and occupations, they were united in their concern for the economic welfare of their community. Real estate assessments ranged from \$200 to \$31,000, with an average assessment of \$3,700 for 16 of the members in 1905.¹² Half of the group had assessments in excess of \$2,500. In addition to merchants, the group included a lawyer, an accountant, and the managers of the branches of the Bank of Nova Scotia and the Royal Bank of Canada. This group was also active in town politics, as 13 of their number were elected to town council in the years 1899-1914. The most prominent merchants included J.D. Creaghan, Patrick Hennessy, John Morrissy, and Donald Morrison. J.D. Creaghan, although born in Ireland arrived in Newcastle in 1875 via Glasgow. In that year he established a dry goods business in Newcastle which thrived and by 1905 boasted branches in Chatham and Moncton.¹³ Hennessy arrived with the famine Irish in 1853 and apprenticed as a ship's carpenter for the Burchill and Harley Company on Beaubairs Island. In 1875 he entered the grocery business which grew into a large wholesale and retail

10 Louise Manny, "Colossus of Miramichi", *Atlantic Advocate*, LV (November 1964), pp. 38-9.

11 Manuscript schedules for Newcastle, *Census of Canada*, 1871, Public Archives of Canada [PAC]; Newcastle Assessment Rolls, 1900, PANB.

12 Newcastle Assessment Rolls, 1899-1914, PANB.

13 James Fraser, "History of J.D. Creaghan Company", typescript, n.d., property of John Creaghan, Newcastle, N.B.

trade. Irish-born John Morrissy was a successful furniture and farm implements dealer. He was also a prominent political figure, elected to the Legislative Assembly for the Liberals in 1903 and again in 1908, when he was named Minister of Public Works.¹⁴ Donald Morrison, one of the most active of the group was born in Burnt Church, Northumberland County in 1852 but grew up in Newcastle. In 1881 he was listed as a joiner by occupation, but he later became proprietor of a clothing and furniture retail business.¹⁵

Though not clearly apparent in 1900, a smaller social reform group also participated in the struggle for influence in Newcastle after the turn of the century. The social reform leadership group in Newcastle consisted of eight people, including a minister, W.J. Dean; a physician, Dr. F.L. Pedolin; the publisher of the *Union Advocate*, H.B. Anslow; and the newspaper's editor, H.H. Stuart. Only Stuart and Dr. Pedolin sat on the town council although Anslow tried twice unsuccessfully to win a seat. All but two had assessments below \$1,000. Stuart was by far the most prominent member of this group. He was born near Minto in 1873 and began teaching in 1894. Soon he was contributing to local and international socialist publications, and by the time he arrived in Newcastle was an articulate propagandist for socialism, the social gospel and Henry George's "single tax". The presence in the town of this man, described by his biographer as having "the most prominent and widespread voice of dissent in the province",¹⁶ meant that the town's citizens were more exposed to the reform rhetoric of the day than was usual in towns of a similar size and circumstance.

The efforts to transform Newcastle's economy, and the accompanying debates, began during the closing decade of the 19th century. During the 1890s Newcastle's merchants decided that the best means of acquiring greater power and influence over the destiny of the community was through incorporation.¹⁷ To the Newcastle merchants incorporation was attractive because it would remove the town from the administrative control of the county, which was strongly dominated by the sawmilling interests. As well, incorporation would greatly facilitate the improvement of municipal services, a vital component in the quest for the town's economic rejuvenation. From the outset, however, the merchants were faced with a variety of opposition to their plans.

14 Manuscript schedules for Newcastle, New Brunswick Census, 1861, PANB; *Chatham World* (Chatham), 16 June 1906.

15 Manuscript schedules for Newcastle, Census of Canada, 1871, 1881, PAC.

16 J.K. Chapman, "Henry Harvey Stuart (1873-1952), New Brunswick Reformer", *Acadiensis*, V, 2 (Spring 1976), pp. 103-4.

17 Until 1896 only eight cities and towns had been incorporated in New Brunswick. The Towns Incorporation Act of that year regularized the organization of local government, and as a result of the greater ease in acquiring municipal status and the increased opportunities to raise revenues, in the first 20 years of the act 12 towns were incorporated in the province. See H.J. Whalen, *The Development of Local Government in New Brunswick* (Fredericton, 1963).

The first attempt to attain incorporation was stimulated by the glaring inadequacies of municipal services which became obvious following a serious fire in February 1897. The conflagration destroyed 11 buildings valued at \$40,000 in the downtown area. Not only was the town's fire-fighting equipment, a solitary steam engine, completely inadequate, but the insurance did not come close to covering the financial losses sustained by the town's businessmen. Of the 14 people affected by the fire, only six had insurance and none of these enough to cover their losses. As a result, the already high cost of insurance was likely to rise again.¹⁸ Incorporation would provide the town with the necessary financial resources to install a waterworks which would in turn make possible better fire protection, and as a consequence insurance rates could be expected to go down.

It was at the town meeting held to debate the issue of incorporation that the broader economic advantages were first raised in public. Incorporation, claimed merchant John Morrissy, would make possible the formulation of a better organized and more attractive development policy for Newcastle: "with waterworks and other improvements we would be something and have a head over the affairs of the town which would grow and manufacturers might be induced to locate therein. . .".¹⁹ During the early stages of the debate there appeared to be widespread support for incorporation. Soon, however, open opposition emerged under the leadership of sawmill owner W.A. Hickson. He claimed the expense of constructing a water system, \$105,320, was too much for the small number of taxpayers (approximately 600 in 1900) to bear and consequently "such an expenditure would double the taxes of every ratepayer within the proposed limits of the town".²⁰ The argument of increased taxation was a specious one, claimed the *Union Advocate*, and was used by those opposed to the scheme "to win poorer souls to their side".²¹ The paper insisted it was the largest property owners, including the millowners, who would bear the brunt of increased taxation.²² Nevertheless, the argument was an effective one and the incorporation vote taken in October 1897 was lost by 167 votes to 60.²³

In 1899 Newcastle's merchants again took up the incorporation issue. This time the Board of Trade took the lead and mounted a convincing campaign. Worried that the town's influence over government development policies was decreasing, particularly in matters such as the completion of the Canadian Eastern Railroad (which would connect Fredericton directly with Newcastle),²⁴ the merchants insisted that incorporation would give the community a stronger

18 *Union Advocate*, 10 February 1897.

19 *Union Advocate*, 28 July 1897.

20 *Ibid.*

21 *Union Advocate*, 5 May 1897.

22 *Union Advocate*, 8 September 1897.

23 *Union Advocate*, 3 November 1897.

24 *Union Advocate*, 19 January 1898. There were rumours at the time that the federal government

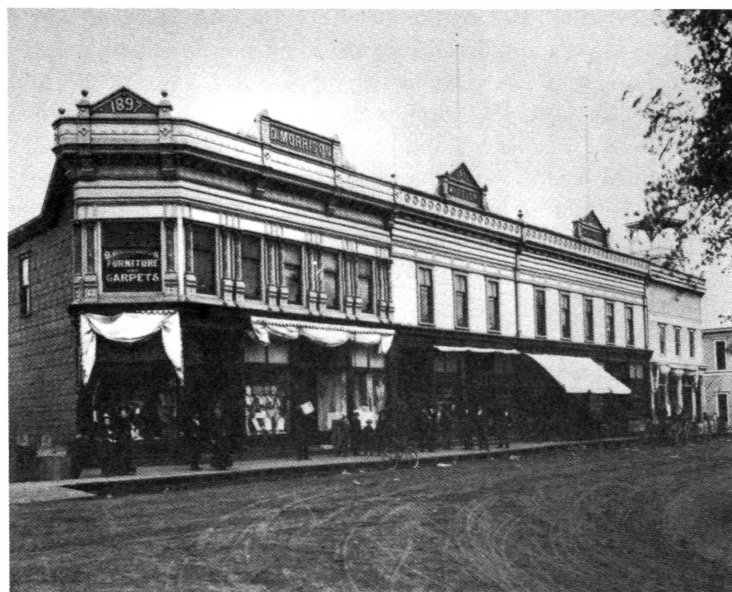


Figure 1: *Top*: D. & J. Ritchie Lumber Company, Newcastle, c. 1900 (Provincial Archives of New Brunswick). *Bottom*: Newcastle Business Block, 1897 (Provincial Archives of New Brunswick).

base from which to negotiate with federal and provincial authorities. The merchants also answered fears that incorporation would be too costly. Financing for municipal services could be acquired on more favourable terms, they claimed, and in the long run incorporation would likely ease the debt burden rather than increase it. Finally the merchants appealed to the workingmen, promising to impose a non-resident tax on labour to limit the number of outside workers coming into the town.²⁵ The merchants' aggressive campaign proved successful. In a special vote held in the summer of 1899, incorporation was accepted by the rate-payers and Newcastle's first municipal election was called for 23 August 1899.²⁶

The first two years of municipal government were a time of adjustment and realignment for the town's new political leaders. In the first election Allan Ritchie, the prominent millowner, was unopposed for the mayoralty. Following a bitter campaign marred by personal insults and accusations, eight aldermen were elected, including two other members of the traditional elite and four of the merchant leaders. This was an uneasy alliance of patricians and merchants and the first year of municipal government was marked by internal disputes and bickering. The townspeople, unimpressed by their inability to accomplish anything significant, reacted by ousting them at the next election. Following the second election, the new mayor was a leading merchant, Donald Morrison. His victorious slate of aldermanic candidates included former mayor Ritchie and two other members of the traditional elite as well as three members of the merchant elite.²⁷ It was a solid ticket, including prominent representatives of both the merchant and patrician leadership groups, and the election of the Morrison "party" in April 1900 represented the final acceptance of the value of incorporation by the town's leading citizens and by the voting public. In his inaugural speech Morrison made a special point of welcoming Hickson and the other patricians to the fold and of laying to rest any of the bitterness held over from the campaign for incorporation:

When incorporation was first talked of I thought it would arouse prominent men who had hitherto taken but little interest in town affairs, and when I look around me tonight I see the same men here in harness....It has been said that these men do not desire to see the town progress. This is not so. Their interests are centred in Newcastle and if the town advances they advance.²⁸

would purchase the railroad, a possibility which, the merchants feared, would lead to higher freight rates.

25 *Union Advocate*, 30 May 1899. Chatham had a non-residence tax at this time, but there is no indication that after incorporation Newcastle followed suit.

26 *Union Advocate*, 8 August 1899.

27 *Union Advocate*, 11, 25 April 1900.

28 *Union Advocate*, 25 April 1900.

Donald Morrison's hope for a town council united in its desire to see Newcastle flourish was justified in the first few years in office. By 1903 the basic municipal services — a sewerage system and electric lights — were acquired. Even bonusing, the merchants' main strategy in their program to revitalize Newcastle's economy, appeared to be accepted by all members of the council in the early years. In January 1900, alderman John Morrissy, a prosperous farm implement dealer, moved a resolution stating that:

the Council be prepared to offer a bonus not to exceed 20% of capital invested and exemption from taxation for a period of ten years to any individual or company that will build and operate a furniture or woollen factory or any other industry in the town of Newcastle. And further resolved that the Council pledge themselves to assist such individual or company to float a portion of stock necessary for carrying on such a factory.²⁹

The motion was carried without opposition. Only when the bonusing policy was used to attract industries which appeared to be in direct conflict with the interests of the sawmillers would the divisions among the town's leadership groups again become apparent.

The policies pursued by the town's businessmen to establish industries in the area changed only slightly during the 15 years from incorporation to the First World War. Bonusing, tax concessions and other inducements to outside capitalists remained the most favoured method of attracting new industries. The preferred industries sought by the town boosters were those that could take advantage of the abundant and easily exploited forests, although boot and shoe factories, textile mills and other industries were also encouraged. A major goal was to secure some industries which operated the whole year round. The lay-off of men in the winter months from the sawmills, and their removal to the woods for the logging operations, resulted in cash being kept out of circulation for a significant proportion of the year. As the *Union Advocate* commented, the problem of seasonal employment had an injurious effect on the merchants' business:

From the first of January until the first of May our merchants are obliged to give large credits to their customers and then run the risks of collecting it 'when the lumber comes down.' This is detrimental to trade. Our merchants are obliged to add on an extra profit to cover losses resulting from this system and also to cover interest on a large amount of money that is

29 *Union Advocate*, 3 January 1900. A full record of town council minutes exist for this period and are available at the Provincial Archives of New Brunswick. Although the minutes were thoroughly consulted for this study, the *verbatim* reports of the town council meetings printed in the local papers provided greater detail.

taken out of their business.³⁰

Newcastle's first attempt to attract an outside industry occurred in 1900. John Moravec, an Austrian who had been the mechanical manager of the Maritime Sulphite Fibre Company of Chatham, and R.A. Murdoch, an alderman and merchant of Chatham, approached the town council with a proposal to erect a pulp mill.³¹ According to the *Union Advocate*, Newcastle had a good chance of acquiring the mill if the right concessions, such as a tax exemption and an unspecified bonus, were offered.³² Although later a strong advocate of the pulp industry, at this time Mayor Donald Morrison and his council, which included two sawmill owners, did not appear anxious to encourage this type of industry. The paper reported that Morrison would offer the mill exemption from taxation for only five years as well as some other unspecified concessions.³³ This apparently was not enough of an inducement to the promoters, for although other towns, including Bathurst, Woodstock, and Chatham, were to bid against each other for the mill, nothing more was heard of the scheme in Newcastle. Several years later, a letter to the *Union Advocate* asserted that the major reason for the pulp mill's failure to establish in Newcastle was the unwillingness of sawmiller Allan Ritchie to sell land adjoining a deep-water wharf. The explanation for this refusal was that Ritchie "was also engaged in the lumbering business, and would not sell to the pulp company because they would be able to handle logs as small as four inches in diameter, and he was afraid he would run out of lumber for his mill".³⁴

A second attempt at economic diversification also resulted in failure, this time owing to the reluctance of local capitalists to invest in the prospective industry. In February 1903 the town council agreed to a request by the Board of Trade to exempt the American Furniture Company of Oxford from taxes for ten years "should it decide to locate in Newcastle".³⁵ By the summer, however, difficulties were encountered in selling stock. John Morrissy was disgusted with the reluctance of the town's leading citizens to put money into the factory. The Board of Trade should not have to beg businessmen to invest in industries beneficial to the

29 *Union Advocate*, 3 January 1900. A full record of town council minutes exist for this period and are available at the Provincial Archives of New Brunswick. Although the minutes were thoroughly consulted for this study, the *verbatim* reports of the town council meetings printed in the local papers provided greater detail.

30 *Union Advocate*, 19 June 1901.

31 *Chatham World*, 11 August 1900.

32 *Union Advocate*, 25 July 1900.

33 *Ibid.*

34 *Union Advocate*, 13 March 1907. Instead, Ritchie later sold the same parcel of land to the Anderson Furniture Company, which used only hardwood, "for the small sum of \$6,000".

35 Newcastle Town Council Minutes, 11 February 1903, PANB.

town, he admonished, but should have them waiting in line to buy shares. Complained Morrissy at a council meeting:

We heard much of Newcastle's needs in respect to a factory, but the very ones who talked most and loudest were the ones who refused to subscribe to the scheme. In his [Morrissy's] opinion, the only way the proposed factory ever would be built was for ten or twenty men to form a company, and build a factory, then sell the stock for whatever they wished.³⁶

Unfortunately, this did not happen and there was no further discussion of the venture at town council meetings.

Another furniture company which appeared on the scene at about the same time provided Newcastle's first "success" in the field of bonusing. In February 1904 a firm owned by Oliver G. Anderson of London, England submitted a proposal to the town council asking for aid in order to establish in Newcastle. The major concessions asked for were a \$20,000 interest-free loan, exemption from taxes and free access to town water. In return the company would build and equip an "up-to-date" furniture factory with a capital stock of \$150,000, that would employ an average of 75 hands for ten months in each year.³⁷ The council agreed to grant the requests and was supported by a unanimous vote of rate-payers at a public meeting.³⁸ Chatham had also bid for this factory but, according to the *Chatham World*, could not meet Newcastle's offer.³⁹ Anderson put up \$5,000 which, together with the \$20,000 loan, was enough to erect and equip the building. The working capital apparently was secured by selling shares locally and in other centres.

The furniture factory opened in January 1905 when it began manufacturing chairs. Newcastle had finally achieved the kind of industry it had hoped for: a factory that would be open year-round, that would utilize available forest resources and manufacture a fully-fabricated consumer product. Early indications pointed to the success of Newcastle's concessions policy, for the factory appeared to prosper from the beginning. By May 1905 a carload of chairs had been exported and the company was building up its stock; a rotary mill was erected to cut round lumber into dimensions suitable for making furniture; and a year later another dry kiln was added, doubling the company's capacity to

36 *Union Advocate*, 29 July 1903.

37 Newcastle Town Council Minutes, 15 February 1904, PANB.

38 *Ibid.*, 2 March 1904. As a result of a fire, copies of the *Union Advocate* for the years between 1900 and 1905 are scarce, therefore the nature of the discussion surrounding this proposal is difficult to determine. Indications are, however, that there was no serious opposition to the scheme.

39 *Chatham World*, 27 February 1904.

season lumber.⁴⁰

Within a year of its opening, however, problems began to appear between the town council and the company. In December 1905 a delegation from the council found that the factory was employing only 45 men rather than the 75 it had agreed to employ. There were also rumours that Anderson was employing boys under 13 years of age though this was denied.⁴¹ In 1907 the council found that one major reason its waterworks department was not meeting expenses was that the Anderson Furniture Factory was using 28,000 gallons of water per day. Discovering that the factory had installed automatic flushing toilets which were not judged to be part of the ordinary purposes of the factory, the council ordered them removed.⁴² Some council members objected strenuously to Anderson's apparent inclination to circumvent his contract. One alderman commented rather facetiously that it was unfortunate that in addition to everything else "the town hadn't guaranteed the factory free coal, and. . .that all its employees were not exempt from taxation".⁴³ Yet the importance of the factory to the town was obvious. Thus, while the council was vigilant, it did not press the company to the point of an ultimatum.

Still, the bad feeling generated by Anderson's employment record and excessive use of town water seemed to dampen the development enthusiasms of some of the council members. This was apparent in September 1907 when James Beveridge presented a proposal for a pulp and paper mill. The concessions sought were considerable and would require a large outlay on the part of the town ratepayers. An American with experience in the industry as a former manager of a pulp mill in Chatham, Beveridge asked for a free site extending to 20 or 30 acres with shore and boom privileges, free access to water up to 200,000 gallons per day, rights to water running through the property, fire protection, and finally that taxes be based on the value of the land before the mill was erected and be fixed at that rate for 20 years. In return Beveridge would build a one-machine capacity paper mill which he promised to expand shortly after starting operations. The mill would run year-round and would employ 60 men.⁴⁴

During the discussion of this proposal, the differences between Newcastle's three leadership groups became more clearly defined than at any other time since the incorporation debates. The traditional elite, led by millowners W.A. Hickson and Allan Ritchie, opposed giving concessions to the pulp mill, claiming it was not fair to aid outside capital while nothing was given to local businesses. The largest merchants, particularly John Morrissy, Donald Morrison, J.D. Creaghan, and Patrick Hennessy, supported the pulp mill, arguing that

40 *Union Advocate*, 25 April 1906.

41 *Union Advocate*, 27 December 1905.

42 Newcastle Town Council Minutes, 20 August 1907, PANB.

43 *Union Advocate*, 21 August 1907.

44 *North Shore Leader*, 11 October 1907.

the requested concessions were insignificant compared to the benefits the industry would bring to the town. H.H. Stuart was the most vocal of the social reform leaders, and his influence over other town leaders soon became apparent. Although in favour of encouraging new industries, Stuart was opposed to granting concessions without first securing the rights of the town. He proposed giving Beveridge what he wanted, provided that the town receive stock in the company to the value of the concessions offered. In this way the town could share in the profits of the company, although there was little protection should the company fail. Furthermore, as a shareholder the town would have some control over company policies. Stuart was strongly supported in this proposal by lawyer W.A. Park, of the traditional elite, who may in fact have introduced the idea ahead of Stuart.⁴⁵ Businessman Stanley Miller, who was mayor during these discussions, also supported Stuart's opposition to bonusing but added that he could see no situation where free gifts should be offered to any industry.⁴⁶

A public meeting of ratepayers was called to discuss the proposal on 9 October 1907, and at this time the rifts among the town's leading citizens became obvious. The Board of Trade, with John Morrissy as president, had taken the initiative in calling the meeting and promoting the mill. The town council, represented by Mayor Miller, took vigorous exception to the Board of Trade's presumption in calling the meeting. Since the concessions asked by Beveridge were matters only the council could act on, Miller felt the proposal should have been dealt with exclusively within the council chambers. Morrissy countered that Mayor Miller, who was on the Board of Trade committee to look into the Beveridge proposal, was stalling about calling a public meeting. He had been urged to do so on several occasions but had not taken any action. Consequently, Morrissy and the other board members decided to call the meeting on their own. Finally, it was agreed that the meeting should continue with Board of Trade member and bank manager E.A. McCurdy as chairman.⁴⁷

The major opposition to Beveridge's scheme was led by the sawmill owners who focused upon the amount of water the company wanted the town to provide. They believed water taxes were already too high and also that if a well were dug to serve only the mill it might interfere with the town supply. W.A. Hickson suggested it would cost \$50,000 to supply the mill with water, while Donald

45 The first published reference to this proposal, that in return for concessions the town be given stock in the company, was made by W.A. Park at the public meeting on 9 October 1907. At the meeting held the following week, however, the formal motion was credited entirely to Stuart.

46 Stanley Miller's opposition to the Beveridge proposal may have been more owing to personal rivalries with the other merchants than to assisting industries in general. Besides being piqued that his role as mayor in initiating the public meeting to discuss the Beveridge proposal was usurped by the Board of Trade, Miller was also in the opposite political camp from two of its more ardent supporters, Donald Morrison and John Morrissy. There also appears to have been a strong personal rivalry between Miller and Morrison: see *Union Advocate*, 18 September 1907.

47 *North Shore Leader*, 11 October 1907.

Morrison claimed that the value of all the concessions would not rise above \$3,200.⁴⁸ Hickson then proceeded to call on the workmen to vote down Beveridge's proposition:

Do you millmen and laborers want to tax yourselves just to have this mill. You are led to believe that it will increase your wages. Does any man suppose our fire protection will do; we will have to put in a pumping station for him. This man will start a company on these basis [sic] if we agree to his proposition. Mr. Beveridge will have a fat job and draw a big salary. . . . This is a vile proposition. Suppose they do not employ 60 hands, how are we going to compel him. . . . Laboring men have a large vote and nothing can be carried without them. This is the worst proposition that was ever put before this or any other town.⁴⁹

It is difficult to determine whether the opposition was directed primarily against the cost of the concessions, the type of industry, or against the merchants who were promoting the mill. For instance, John Morrissy pointed out that while Mayor Miller objected to supplying the mill with water, he had only recently approved the digging of a well for the Anderson Furniture Company. Morrissy also noted Allan Ritchie's apparent inconsistency in supporting the furniture company but opposing the pulp and paper mill. The *North Shore Leader* suggested that the reason for Ritchie's hostility to the new scheme was that a pulp mill might threaten the supply of labour and raw materials for his own lumbering operations. As discussions became more heated, the patricians claimed that Patrick Hennessy was supporting the pulp mill proposal only because he owned the land which was sought for the mill site and would thus benefit personally from the deal. By the close of the meeting no agreement was reached on Beveridge's requests for a free site and for free access to the town's water supply. The meeting was adjourned until the following week, when it was hoped that Beveridge would attend to answer questions. Nevertheless, the millowners, although unwilling to grant outright concessions, decided it would be reasonable to offer the company limited tax exemptions. The meeting closed with a resolution by Hickson and Ritchie that the mill be granted exemption from taxation on improvements and working capital for 20 years.⁵⁰

During the interval between meetings opposition to the proposal grew and the lines became even more clearly drawn between the merchants and the sawmill operators. The fears of the patricians that a pulp mill would result in too much competition for them became the greatest obstacle to granting Beveridge the re-

48 *Ibid.*

49 *Ibid.*

50 *Ibid.*

quested concessions. At the second meeting many of the smaller businessmen also came out in opposition to the proposal. They appeared to be intimidated by the millowners since they were most dependent on the wages of the mill workers for their livelihood and on contracts for hauling lumber or victualling the lumber camps. Liveryman J.G. Layton, for example, expressed his fear that the paper mill might put the other mills out of business.⁵¹ On the other side, the merchants continued to accuse the sawmillers of opposing the Beveridge mill because its presence would increase competition for labour and consequently cause wages to rise. Hickson protested that he did not fear the competition for labour that a new mill could cause, for "The people would crowd in and I would get men just the same". He also discarded the accusations that he opposed the mill because it would increase wages as "He had always paid as high wages as anyone".⁵² Hickson continued to insist that his opposition was based solely on the high cost to the ratepayers of the concessions, and the fact that concessions were offered only to "outsiders", while local men received no such aid.

H.H. Stuart then attempted to intervene with a compromise. He moved that the town receive in stock the value of the concessions granted to the company. Morrison, seeing an opportunity to rescue Beveridge's proposal, declared that he was fully behind the idea and added a further provision that a penalty be applied in case the agreement was violated.⁵³ Nevertheless, the resolution was lost with only "a small number voting yea". The local papers greeted the news with dismay. The *North Shore Leader* called the resolution a "far better agreement than Mr. Hickson spoke of at the previous meeting", while at the same time expressing doubts that Beveridge would have accepted it.⁵⁴ Against the support of the town's two newspapers and its leading merchants, the millowners were powerful enough to sway the majority of ratepayers against the scheme. Even E.A. McCurdy, the Royal Bank manager who had supported Beveridge's proposition at the first meeting, was convinced to vote against it by the time of the second meeting.⁵⁵ The *North Shore Leader* laid the blame for the loss of the pulp mill squarely at the feet of the sawmill owners:

51 *North Shore Leader*, 18 October 1907.

52 *Ibid.* Ironically, Hickson's mill had been involved in strike action for more pay just a few months previously, in May 1907. Since there was a shortage of labourers at this time, and lumber contracts had already been entered into, Hickson had no choice but to accede to the strikers' demands. The deal carriers who had been getting \$1.45 per day won an increase to \$1.60 per day. Although Hickson claimed that he "Had been paying the same wages as the other mills right along, and higher in some classes of work" the deal carriers at the Miramichi Lumber Company had won a settlement of \$2.00 per day, considerably more than Hickson was willing to pay. *North Shore Leader*, 17, 31 May 1907.

53 *North Shore Leader*, 18 October 1907.

54 *Ibid.*

55 *North Shore Leader*, 18 October 1912.

It is very little use for the Board of Trade to try to build up the town when they are going to be turned down by people controlled by a few employers. If the monied men have the interests of the working men at heart, as they claim they have, why do they not invest their money in factories of some kind to give our young men employment and not have them going to other towns where they can get steady employment twelve months of the year at a fair wage. Some would sooner invest their money in bank stock and then they can lay back and laugh at the working men. How often have men had their pay raised without having to kick and even go on strike for it, and they then allow themselves to be hoodwinked by a few, who by their actions think of nothing but earthly gain.⁵⁶

Following the defeat of the Beveridge proposal in October 1907, Newcastle's industrial prospects deteriorated further. By January 1908 it was apparent that the Anderson Furniture Company was in financial trouble. The economic downturn that plagued the Maritime region in 1907-08 meant that other firms were also suffering from lack of funds. One of these was Anderson's largest creditor, the Robb Engineering Company of Amherst, Nova Scotia, who demanded payment of its debts.⁵⁷ Anderson did not have the funds to meet the payments and prepared to declare bankruptcy. Disaster was averted only when, at a meeting of creditors, Robb was convinced to hold off demanding repayment. Those present agreed to continue operating the factory, "so good a statement did the business show".⁵⁸ The crisis faced by the furniture factory confirmed for H.H. Stuart the danger in granting concessions without first securing some safe-

56 *North Shore Leader*, 19 October 1907. To many of the merchants of Newcastle, the pulp industry was one of the few they felt had a reasonable chance of success in the town. Two pulp mills already existed in Chatham by this time, though there were frequent shutdowns. Before the pulp industry could develop in the province in a large way, however, three conditions had to be met. The first of these was access to a large market. In 1911 the U.S. granted free entry to newsprint from Canada and in 1913 wood pulp was added to the list. This was a great encouragement to the growth of pulp and paper plants in Canada. Secondly, the pulp industry was hampered, until the 1920s, by the strength of the sawmill industry which made it difficult for the pulp mill owners to acquire timber leases. The severe economic slump of 1920-2, however, caused a blow to the sawmill industry from which it was not to recover. This allowed the pulp industry to move in and procure large reserves of forest land. Finally, the establishment of large pulp and paper mills was dependent upon an abundant supply of cheap power. The failure to develop water power in the Miramichi area was probably responsible for delaying the establishment of large pulp mills there until the 1930s, as well as for the demise of the mills that already existed. See S.A. Saunders, "Forest Industries in the Maritime Provinces, in A.R.M. Lower, ed., *The North American Assault on the Canadian Forest* (Toronto, 1938), and Canada, Royal Commission on Canada's Economic Prospects, *The Outlook for the Canadian Forest Industries* (Ottawa, 1957).

57 *Union Advocate*, 29 January 1908.

58 *Union Advocate*, 26 August 1908, *North Shore Leader*, 1 May 1908.

guards for the town: he declared that in future the town should be given, in return for concessions wanted, a proportionate amount of control over a company in terms of number of people employed, wages paid and liabilities incurred.

A few months after the creditors' meeting, in August 1908, the Anderson factory burned to the ground. There were suggestions in the local press that arson may have been involved but nothing was proven. The loss of the plant and lumber was estimated at \$100,000 which was covered by an insurance policy worth \$43,000.⁵⁹ The town claimed \$18,000 of the insurance money as the outstanding value of the loan it had granted the company. The court ruled, however, that the company was obligated to pay only the sum which when put at 4 per cent interest would yield enough to pay the 20 yearly installments of \$1000 as they came due.⁶⁰ Therefore, instead of the \$18,000 the town claimed, the company was required to pay only \$13,702.30 to discharge its debt.⁶¹ The town, seeing that it had lost more than \$4,000 of its investment, balked at this inequity. Even the *Chatham World* sympathized and commented: "Under the law, as laid down in this judgement, a promoter might get a loan of about \$100,000 for twenty years without interest, burn down his factory, repay the loan with about \$40,000 or \$50,000 of the insurance, and pocket the balance as a lawful reward for his enterprise and industry".⁶² The town remained powerless to retrieve its losses from the company. The council hoped that Anderson would rebuild immediately but he was not anxious to continue his establishment in Newcastle. By November he was negotiating with the Halifax city council to see what terms were available to relocate in Nova Scotia.⁶³

With the defeat of the Beveridge pulp mill proposal in the fall of 1907, the destruction by fire of the Anderson factory in the summer of 1908, and a growing anti-bonusing sentiment, Newcastle had come to the end of its first attempt to induce large-scale industries to establish in the town. Although the mill operators and their supporters were never forgiven for turning down the Beveridge mill, the inability of the town to collect all it had owing from the Anderson factory resulted in greater caution on the part of the town fathers when considering concessions to prospective industries. The practice of bonusing was also curtailed by the growing scarcity of town funds. By the end of the decade, Newcastle was about \$200,000 in debt, the citizens were being taxed at three percent of property values, and the Public Works Department was experiencing large

⁵⁹ *North Shore Leader*, 28 August 1908.

⁶⁰ *North Shore Leader*, 23 October 1908.

⁶¹ *Union Advocate*, 6 January 1909.

⁶² *Chatham World*, 6 January 1909.

⁶³ *North Shore Leader*, 19 November 1908. Anderson apparently did not succeed, as there is no evidence that he established there. In 1911 he built a spoolwood mill near Boiestown, N.B., which was to employ 50 men.

deficits in its attempt to supply power and water to the town.⁶⁴

Despite their discouraging losses, some council members continued to support a limited bonusing policy. In 1909 the town was successful in persuading the federal Department of Public Works to grant \$20,000 towards the building of a wharf and channel. This was to accommodate the Drummond Mining Company of Montreal which wanted to establish a temporary shipping port at Newcastle while the harbour at Bathurst (which was closer to their mines) was being deepened.⁶⁵ In addition, the Drummonds asked for and received a \$20,000 loan, tax concessions and an extension to the waterworks system.⁶⁶ This new round of town council gift-giving aroused little discussion, despite the fact that the company could not guarantee that the port would be in operation beyond two years. Indeed, the shipping port was in operation for only a few years and the only material benefit accruing from it was a new deepwater wharf facility that was financed in large measure by the town itself.

Subsequently the concessions asked of the town by prospective industries were considerably less than in previous years. They usually took the form of requests for reduced and fixed valuations on property and either free access to town water or a reduction in water rates. There were no longer any requests that the town incur direct expenditures in the form of special services or loans, and no bills were prepared for the legislature asking for the authority to grant special concessions. This can be attributed in part to the end of the "boom" in Maritime economic development around 1907, but also to the fact that Newcastle undoubtedly made it clear that such support would not be endorsed. Council was willing to grant reasonable requests for aid, but the dangling carrots of bonuses and interest-free loans were withdrawn.

By the outbreak of the Great War it was apparent that Newcastle had not progressed as rapidly as the enthusiastic town fathers of the 1890s had hoped. Patrick Hennessy, Donald Morrison, J.D. Creaghan, John Morrissy, and the other merchants must have been deeply disappointed, for their search for industry had ended in failure. Fourteen years of aggressive promotion by the town council had produced only a handful of serious inquiries. The council had been taken advantage of on several occasions and had lost badly in the furniture factory disaster. Having limited capital resources of their own, the merchants had sorely needed the support of the more prosperous patricians. Repeatedly, the sawmillers refused to contribute their own cash, and when the proposals had been submitted by Moravec and Beveridge they had combined to crush the schemes for a pulp and paper industry, one of the most likely industries to stand a chance of success on the Miramichi. Meanwhile, a social reformer like H.H. Stuart had tried without success to win acceptance of compromises which would

64 *Union Advocate*, 29 March 1911.

65 *Union Advocate*, 16 June 1904.

66 Newcastle Town Council Minutes, 12 March 1910, PANB.

protect the interests of the community against some of the risks of supporting new industries.

At the beginning of the 20th century the merchants had hoped to turn Newcastle into an active manufacturing centre. Far from being the cautious, unadventurous Maritimers of some descriptions, they had attacked the problems that beset Newcastle with energy and drive. Newcastle's merchants could hardly be faulted on their initiative and zeal in seeking industrialization. The problem was that they had arrived on the scene 20 years too late and that they were severely constrained by the socio-economic structure of their community. By the time the merchants had won a sufficient degree of power and a forum for their ideas, other towns in the region were far in advance. Towns like St. Stephen, Yarmouth, Marysville, New Glasgow, Moncton and Amherst had taken advantage of the National Policy, and in the last quarter of the 19th century had experienced impressive industrial growth. When Newcastle began looking for similar industries, the region was already experiencing economic difficulties in the face of strong competition and the superior capital infrastructure of central Canadian industries.⁶⁷ Furthermore, the presence in the town of a powerful, conservative elite opposed to offering inducements to outside industries, particularly pulp mills, proved to be an insurmountable barrier in the merchants' search for industry. As much as anything, the divisions and diversity among the community's leaders contributed to Newcastle's failure to attract manufactories prior to the First World War. Their frustrations and lack of success should not mask the fact that energetic "boosters" tried hard in this small Maritime town.

67 Acheson, "The National Policy and the Industrialization of the Maritimes", Acheson, "The Maritimes and 'Empire Canada'", in D.J. Bercuson, ed., *Canada and the Burden of Unity* (Toronto, 1977), pp. 87-114, James D. Frost, "The 'Nationalization' of the Bank of Nova Scotia, 1880-1910", *Acadiensis*, XII, 1 (Autumn 1982), pp. 3-38.